



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

Daily Report

China

FBIS-CHI-89-038
Tuesday
28 February 1989

Daily Report

China

FBIS-CHI-89-038

CONTENTS

28 February 1989

INTERNATIONAL AFFAIRS

United States & Canada

Further Reportage of Fang Lizhi Dinner Exclusion	1
'Strong Resentment' Expressed [XINHUA]	1
Exclusion Mars Bush Visit [Hong Kong SOUTH CHINA MORNING POST 28 Feb]	1
Fang Lizhi Recounts Incident [Hong Kong MING PAO 28 Feb]	2
Bush Returns Home After Asian Trip [XINHUA]	3
Editorial Praises Bush's Visit to China [Hong Kong WEN WEI PO 27 Feb]	4
Editorial Views 'Sino-U.S. Summit' [Hong Kong TA KUNG PAO 27 Feb]	5
LIAOWANG Views Bush 'Honeymoon' [Hong Kong OVERSEAS EDITION 20 Feb]	6
Wu Xueqian Meets U.S. Professor [XINHUA]	7
U.S. Software Company Enters Chinese Market [XINHUA]	7
Chinese Microcomputers Enter U.S. Market [XINHUA]	8
China To Produce Apollo Computers [XINHUA]	8

Soviet Union

Rogachev Says Moscow Seeks 'New Type' Relations [XINHUA]	8
Soviet Diplomat Content With Bush Visit [Hong Kong HONGKONG STANDARD 28 Feb]	8
Sakharov Asked To Sign Chinese Amnesty Petition [AFP]	9
Sino-Soviet Border Trade Rapidly Develops	9
Direct Trade Allowed [ZHONGGUO TONGXUN SHE]	9
Transport Firm Increases Business [XINHUA]	10
Renovation Project Contract Signed With USSR [Harbin Radio]	11
Heilongjiang Prefecture, Soviet Oblast Sign Pact [Harbin Radio]	11
Soviet Delegation Visits Heilongjiang [Beijing International]	11

Northeast Asia

Japanese War Responsibility Issue Resurfaces	11
BEIJING REVIEW Cited [XINHUA]	11
Takeshita's Remark Criticized [RENMIN RIBAO 22 Feb]	12
Takeshita Remarks Defended [RENMIN RIBAO 21 Feb]	12
Qian Qichen Talks With Takeshita [RENMIN RIBAO 25 Feb]	12
Japanese Envoy Explains Remark [Beijing International]	13
Historian Charges Distortion [RENMIN RIBAO 21 Feb]	13
Takeshita Withdraws Comment [XINHUA]	14
New Sino-Japanese Hotel To Open in Beijing [XINHUA]	14
Bush Quoted on Chinese Trade Office in Seoul [YONHAP]	15
RENMIN RIBAO Carries Samsung Ad [KYODO]	15
'Economic Restraints' Postpone Flights to Seoul	15
[Hong Kong SOUTH CHINA MORNING POST 27 Feb]	15
Exchange Agreement Signed With DPRK [XINHUA]	15
Mongolia Hopes for Better Relations With China [XINHUA]	16

Sub-Saharan Africa

Zimbabwe Approves PRC Air Defense Loan [Johannesburg SUNDAY TIMES 26 Feb]	16
African Students End Boycott of Classes [AFP]	16
Congo Hails Cooperation With PRC [XINHUA]	17
Congo Culture Minister Marks Ties With China [XINHUA]	17
Chen Muhua Meets Zambian Women's Group [XINHUA]	17
RENMIN RIBAO Journalists Visit Ghana [XINHUA]	17

West Europe

Chinese Trade Exposition Opens in London [XINHUA]	18
British Servicemen Protest Attendance at Funeral [XINHUA]	18
PLA Chief Chi Haotian Meets British Visitors [XINHUA]	19
Scientific Agreement Signed With Switzerland [XINHUA]	19
West German Official Visits Heilongjiang [HEILONGJIANG RIBAO 27 Jan]	19
Zou Jiahua Meets West German Businessmen [XINHUA]	19
Governor Meets Chinese-Italian Entrepreneur [ZHEJIANG RIBAO 1 Feb]	19

East Europe

Romanian Communist Party Official Visits China	20
Conveys Ceausescu Greetings [AGERPRES]	20
Meets With Zhao [RENMIN RIBAO 23 Feb]	20
Feted by Qiao Shi [XINHUA]	21
Wang Fang Hosts Dinner [XINHUA]	21
Polish Scientific Delegation Visits China	21
Song Jian Meets Delegation [XINHUA]	21
Attends Beijing Exhibit [XINHUA]	21
Hopes for Increased Trade [XINHUA]	22
SFRY Trade Union Delegation Arrives for Visit	22
Ni Zhifu Meets Delegation [XINHUA]	22
Yan Mingfu Meets Union Leader [XINHUA]	22

NATIONAL AFFAIRS

Political & Social

Fang Lizhi on Leadership's Narrow-Mindedness [Hong Kong MING PAO 28 Feb]	23
Dissident Wang Ruowang Waits for Passport [AFP]	24
Nationalities Minister Criticizes Separatism [RENMIN RIBAO 22 Feb]	25
GONGREN RIBAO Opposes Elite Politics [3 Feb]	25
GONGREN RIBAO on Democracy, Authority [10 Feb]	26
Article on Establishing New Authority [JINGJI RIBAO 4 Feb]	28
Synopsis of 'Selected Works of Li Xiannian' [RENMIN RIBAO 15 Feb]	30
Taxation Organs Given Right to Exercise Law [RENMIN RIBAO 21 Feb]	35
State Council Levies Regulatory Fund Tax [XINHUA]	35
NPC Standing Committee Appointments, Dismissals [RENMIN RIBAO 22 Feb]	36
Size of Hainan Delegation to NPC Session Given [RENMIN RIBAO 22 Feb]	36
Report on By-Election for People's Deputies [RENMIN RIBAO 22 Feb]	36
Trade Federation Stresses Revision of Union Law [XINHUA]	37
Ni Zhifu on Reform, Stability [XINHUA]	37
Reform of Enterprises' Political Work Viewed [JINGJI GUANLI No 12]	37
Zhao Ziyang, Qiao Shi Attend ACFTU Meeting [Beijing Radio]	41
Tian Jiyun Named Greening Committee Chairman [RENMIN RIBAO 20 Feb]	42
Speech on Tree Planting [XINHUA]	42
Broadcasting Minister Addresses Hunan Meeting [Changsha Radio]	44

Military

Qualified Recruits Sought for PLA [RENMIN RIBAO 20 Feb]	45
PLA Ideological, Political Work Viewed [JIEFANGJUN BAO 14 Feb]	46

Economic & Agricultural

Jan Prices Up 26 Percent Compared With '88 [XINHUA]	47
Spokesman Says GNP Up 11.2 Percent in 1988 [XINHUA]	48
Spokesman Says 3 Million Jobless in China [XINHUA]	48

\$3 Billion 1988 Trade Deficit Reported [XINHUA]	49
1988 Fixed Assets Investments 431.4 Billion Yuan [XINHUA]	49
State Establishes First Group of Futures Markets [JINGJI CANKAO 13 Feb]	50
State Council Decision on Protection of Resources [XINHUA]	50
Economists Preview Economic Situation in 1989 [Beijing International]	51
Six More Oil-Bearing Zones Discovered [XINHUA]	51
Personal Income Tax Collection Measures Approved [XINHUA]	52
Economic Development in Autonomous Regions Noted [Beijing Radio]	52
National Transportation Network Planned [XINHUA]	52
Xiao Yongding Comments on Light Industry [BAN YUE TAN 25 Jan]	53
Article Views Dealing With Inflation [JINGJI YANJIU 20 Dec]	54
Foreign Loans Finance High Technology [XINHUA]	60
Chemical Fertilizer Industry Corruption Attacked [XINHUA]	60
Chemical Fertilizer Increase Announced [XINHUA]	60
State Council Further Readjusts Cotton Policy [Beijing Radio]	61
Cotton Prices To Increase [XINHUA]	61
Natural Disasters Cause Decrease in Grain Output [XINHUA]	62
Agricultural Bank Issues Circular on Farm Loans [Beijing TV]	62

REGIONAL AFFAIRS

East Region

Anhui Leader Visits, Gives Guidance to Poor Areas [ANHUI RIBAO 10 Jan]	63
Anhui Holds Telephone Conference on Conscription [Hefei Radio]	63
Zhang Jingfu Inspects Fujian 30 Jan-10 Feb [FUJIAN RIBAO 13 Feb]	64
Jiangsu Approves Projects Using Foreign Funds [XINHUA]	64
Wu Guanzheng Chairs Jiangxi Government Meeting [JIANGXI RIBAO 11 Feb]	64
Jiangxi Governor Speaks at Audit Meeting [Nanchang Radio]	65
Jiang Chunyun at Shandong Political Work Forum [Jinan Radio]	65
Shandong's Jiang on Studying Leaders' Speeches [Jinan Radio]	66
Shandong Decision on Accelerating Afforestation [Jinan Radio]	67
Shanghai Catholics Attend Memorial Mass for Bishop [XINHUA]	67
Shanghai Foreign Investment Increases in 1988 [Shanghai Radio]	67
XINHUA 'News Analysis' on Shanghai Economy	68
Zhejiang Promotes Science, Technology Exchanges [XINHUA]	69
Factors In Low Zhejiang Birthrate Discussed [XINHUA]	69

Central-South Region

Guangdong Appoints 15 New CPPCC Members [ZHONGGUO XINWEN SHE]	69
Guangdong Takes Measures To Increase Power Supply [Guangzhou Radio]	70
Guangzhou Leader Outlines Year's Tasks [Guangzhou Radio]	70
Shenzhen Foreign Trade Value Increases [XINHUA]	70
Guangxi Meeting Discusses Propaganda Work Tasks [Nanning Radio]	70
Henan Leader Stresses Monetary Issues [Zhengzhou Radio]	70
Hunan Governor on Surmounting Industry Problems [Changsha Radio]	71
Hunan Takes Measures to Ease Money Shortage [Changsha Radio]	71
Hunan Radio, Television Work Conference Opens [Changsha Radio]	72

Southwest Region

Guizhou People's Congress Session Opens [Guiyang Radio]	72
Governor Discusses Agriculture [Guiyang Radio]	73
Guizhou Propaganda Meeting Outlines Tasks [Guiyang Radio]	73
Sichuan Sets 1989 Grain Production Target [Chengdu Radio]	74
Sichuan Reports Serious Railroad Travel Problems [Chengdu Radio]	74
Tibet Armed Police Meeting Sets Tasks [Lhasa Radio]	74
Yunnan Reports Improved Grain Harvest [Kunming Radio]	75

North Region

Li at Beijing Technicians Commendation Rally	[BEIJING RIBAO 2 Feb]	75
Beijing's Li Ximing Extends Festival Greetings	[BEIJING RIBAO 3 Feb]	75
Beijing Literary, Art Congress Opens	[BEIJING RIBAO 30 Jan]	76
Li Ruihuan Visits Tianjin Rural Areas	[TIANJIN RIBAO 1 Feb]	77
Tianjin's Li Ruihuan at Public Servants Meeting	[TIANJIN RIBAO 2 Feb]	78
Li Ruihuan at Tianjin Veteran Cadres Gathering	[TIANJIN RIBAO 4 Feb]	79
Li Ruihuan Attends Tianjin Army-Civilian Soiree	[TIANJIN RIBAO 5 Feb]	79

Northeast Region

Heilongjiang Economic Figures Reported	[Harbin Radio]	80
Jilin's He Zhukang Attends Commendatory Rally	[Changchun Radio]	80
Jilin Official Speaks on Supervisory Work Tasks	[Changchun Radio]	80
Liaoning To Construct Large Power Plant	[Shenyang Radio]	81

Northwest Region

Gansu Leaders Stress Rural Ideological Work	[Lanzhou Radio]	81
Shaanxi Leaders Meet Nonparty Figures	[Xian Radio]	81
Zhang at Shaanxi Meeting on Lateral Economic Ties	[Xian Radio]	82
Shaanxi Foreign Trade Situation 'Very Serious'	[Xian Radio]	82
Shaanxi Enterprise Ideological Work Meeting Opens	[Xian Radio]	82
Xinjiang Meeting Discusses Supervisory Work	[Urumqi Radio]	83

TAIWAN

Editorial Urges Mainland Policy Review	[LIEN HO PAO 13 Feb]	84
SRV Trade Mission Arrives for Visit	[CNA]	85
Paper Views Policy on Trade With East Europe	[CHINA POST 13 Feb]	86
President Assures Farmers of Market Protection	[CNA]	87

HONG KONG & MACAO

Hong Kong

Columnist Views Government's Lack of Autonomy	[SOUTH CHINA MORNING POST 21 Feb]	88
PRC To Request Funding for Guangdong Pipeline	[SOUTH CHINA MORNING POST 28 Feb]	90
PRC Participates in Hong Kong Travel Show	[XINHUA]	90
New Drug Trafficking Law Enacted	[XINHUA]	91
More Asian Antiterrorist Measures Urged	[SUNDAY STANDARD 26 Feb]	91
Gurkha Soldier Found Dead Near PRC Border	[AFP]	92

United States & Canada

Further Reportage of Fang Lizhi Dinner Exclusion

'Strong Resentment' Expressed

HK2802000089 Beijing XINHUA Hong Kong
Service in Chinese 1703 GMT 27 Feb 89

[Text] Beijing, 27 Feb (XINHUA)—A Foreign Ministry spokesman today regretted that some people want to make a big issue of the nonappearance of Fang Lizhi at a dinner given by U.S. President Bush on 26 February.

He said this in reply to a journalist's question. A journalist asked: According to foreign press agency reports, the U.S. side has already expressed regret to the Chinese over the incident that occurred on account of the invitation list for the 26 February dinner. What is the Foreign Ministry's reaction to this?

The Foreign Ministry spokesman replied that all the arrangements for U.S. President Bush's activities were jointly agreed to by the Chinese and U.S. sides. The Chinese side has expressed strong resentment [qianglie bu man 1730 3525 0008 3341] over the fact that the U.S. side invited Fang Lizhi to a dinner given for Chinese leaders without consulting the Chinese side. We regret that some people are making a big issue of this.

Exclusion Mars Bush Visit

HK2802012589 Hong Kong SOUTH CHINA
MORNING POST in English 28 Feb 89 pp 1, 11

[By Seth Faison in Beijing]

[Text] President George Bush yesterday expressed regret that dissident Fang Lizhi had been prevented from attending the United States-hosted banquet on Sunday evening.

Just before his early morning flight for South Korea, Mr Bush mentioned the issue to Vice-Prime Minister Wu Xueqian and instructed American Ambassador Winston Lord to meet the Foreign Ministry.

A number of prominent intellectuals said the action taken against Mr Fang in front of the Americans was "neolithic" and "stupid" and would cause them to become more vocal about human rights rather than quieter.

Human rights issues were not raised directly by Mr Bush in his talks with senior leader Deng Xiaoping and other top officials.

But his action at the airport and the American insistence on inviting the outspoken Professor Fang to their banquet for about 500 people, including President Yang Shangkun and Prime Minister Li Peng, showed that Mr Bush did not ignore the issue entirely.

As a result, what had appeared to be a showcase visit of friendliness between the Americans and Chinese was rattled by a strong response from China's leaders, who were angered by what they saw as meddling in their internal affairs.

Professor Fang said yesterday at his home that he welcomed Mr Bush's airport comments as a beginning to an American stand on human rights in China, which he said had been ignored in the past.

"Bush's words at the airport were better than what went before but it is not enough...Some people say Bush was too soft.

"I will only say the West should not operate a double standard by criticising human rights (violations) in the Soviet Union but not in China," Professor Fang said.

"The main reason for the double standard is diplomacy but there are also cultural reasons. Both Chinese and Westerners often say that human rights are a Western idea and are not appropriate to orientals."

Mr Fang said U.S. diplomats had not contacted him since the Sunday evening incident. "It is a little strange," he added.

"We are becoming a more open society and foreign opinion has an effect. Chinese leaders will probably be discussing Sunday night's events now. Perhaps they will understand how bad this kind of thing makes China look.

"This incident very clearly demonstrates why there is a need for more democratic reforms in China," he said. "Politicians should be able to accept a wide range of opinions."

He said Chinese leaders attending the banquet may not have been happy about his own attendance because of his political views.

Professor Fang also said he did not think Prime Minister Zhao Ziyang's comments about the current human rights campaign heralded a new crackdown against intellectuals or political activists, and said he had received many calls of support from other intellectuals.

"One friend who warned me only a few days ago to keep quiet for a while called again this morning and said he would speak out more now," Professor Fang said.

"I was all ready to go back to my work and forget about politics," said Bei Dao, a poet. "But if this is how they are openly interfering in human rights, then I must fight back."

Bei said he believed the action would generate support for Mr Fang.

"Fang Lizhi is a representative of superior intellectuals," he said. "If they do this to such a man, then I can't see how many other intellectuals will keep quiet. It is unacceptable."

Mr Fang said he did not know who had ordered the police to harass him, and added that it was the first time he was aware of being the object of police attention.

Mr Fang's wife, Li Shuxian, said she was very angry.

"I'm not particularly afraid. It was crazy, stupid," she said.

Asked about Mr Zhao's assertion to Mr Bush that multi-party democracy was not appropriate to China, Professor Fang said he too was against a quick importing of democracy.

"We do not yet have good enough conditions for a multi-party democracy. The education level is quite low and we have no independent newspapers.

"What we need first are basic human rights: freedom of speech, freedom of the press, freedom of thought," he said.

"I felt terrorised. Human rights means not only freedom of speech but also freedom from terror.

"Similar things happen to Chinese people a lot but of course they are not internationally publicised," he said.

The NEW CHINA NEWS AGENCY reiterated Mr Zhao's view yesterday in an evaluation of Mr Bush's visit.

"Some Americans are prone to impose their unreasonable views on matters concerning China's internal affairs," the news agency said.

Mr Perry Link, director for the Beijing office of the National Academy of Sciences, said Chinese intellectuals would closely follow Professor Fang's case.

"Fang Lizhi is the tip of the iceberg," said Mr Link, who was driving Professor Fang to the banquet on Sunday night when they were stopped by the police.

"Among those that are activist enough to have decided, 'I'm going to say what I'm going to say,' (a crackdown) will be counter-productive. I think they will speak out even more than before."

Meanwhile, Chinese sources said the Beijing city government had decided to close a bookshop where Professor Fang gave a speech last month.

Professor Fang made the speech at the Dule bookshop on January 28 when it launched an intellectuals' magazine to an audience of 80 people including foreign reporters.

It was in his bookshop speech that Professor Fang disclosed he had written a letter to Mr Deng Xiaoping calling for the release of political prisoners and appealed to China's intellectuals to raise their voices to improve human rights.

The sources said the Beijing Government had not informed the shop directly of the decision to close but had instructed a firm that is constructing a restaurant in the shop's basement, as a joint venture with the shop, to cease doing so.

The magazine launched at the shop was NEW ENLIGHTENMENT, with academic articles by well-known intellectuals including many considered unorthodox by the party.

Fang Lizhi Recounts Incident

HK2802052689 Hong Kong MING PAO in Chinese
28 Feb 89 p 8

["Special Dispatch" by staff reporter from Beijing: "Fang Lizhi Talks about Horrible Night"]

[Text] "In any modern society nobody should feel fearful but I must admit that I had a sense of fear for 1 and 1/2 hours last night!"

Professor Fang Lizhi, who is well-known for his boldness in stating his views, held a press conference at his home yesterday. He narrated the course of the incident where he was prevented by police from attending U.S. President Bush's banquet the night before last and his feelings about it. He pointed out that after the four of them were intercepted near the Great Wall Hotel and while they were walking to the U.S. Embassy, burly men and motor vehicles followed their tracks all the way. Under such circumstances, anything is likely to happen and I couldn't help thinking about the incident in which the Iranian leader, Khomeyni, recently ordered the killing of Rushdie, a British writer!

Yesterday, the couple, Fang Lizhi and Li Shuxian issued a copy of their record of the course of events on 26 February. The text is as follows:

On the afternoon of 21 February the U.S. Embassy sent a special messenger to our house with two White House invitation cards, inviting Fang Lizhi and Li Shuxian to President Bush's farewell banquet on 26 February 1989 at 1900 hours in the Great Wall Hotel.

At 1730 hours, Fang Lizhi and Li Shuxian set out from Baofusi in his American friend Perry Link's car. In addition to the driver, there were altogether four persons, namely two couples, in the car.

At about 1800 hours, as the car neared the Great Wall and Kunlun Hotels, there were some 100 policemen in uniform and plain clothes in front of the car. Three to

five persons in uniform obstructed our car saying that the driver had violated the regulations in the previous section and ordering the car to turn and go to the side of the Kunlun Hotel.

Our American friend took up the matter with them but in vain and all of us got out of the car. The policemen circling the car obstructed us saying: "You have violated the regulations and cannot leave." We said: "As the driver violated the regulations, he can stay behind and we leave." After we had walked only 20 m or so a middle-aged man of great stature in a dark blue woollen Chinese tunic suit with a middle-aged strong woman beside him approached. The man stopped Fang Lizhi and said: "Let us talk over there." He carried Fang away by force for about 4 m. Li stepped forward, got hold of Fang, and said: "It is inadvisable to go far. You can talk here?"

The man said (at that time he did not tell us his name, nor did he ask our names): "I am the principal responsible person of the secret service responsible for Bush's security during his visit. Neither of you are included in the guest list provided by the U.S. secret service. Neither of you can go." We withdrew to the car, joined our American friend, and repeated what the man had said. Our American friend immediately said: "This is impossible and we can get proof from the U.S. side." At this time it was discovered that our friend's car and the driver had disappeared.

We withdrew to the Kunlun Hotel. Some people called us in but we did not go in and we immediately got a taxi. Several minutes after the taxi began the journey it was stopped by the police saying that the car lights were no good and that it must be taken away for repair. The police called the driver out and talked to him. After the driver returned he said that he was told to follow as directed. We jumped out of the taxi at once and decided to take a bus.

On our way we tried two bus stops and waited for three buses but the buses passed the stop without stopping under the directions of the police.

We made up our mind to walk. However, a police car closely followed us all the way and there were more than 10 persons following us on foot. Those nearest us in front were only about 10 m away. There were also police motorcycles standing by all along our route way. We first went to the door of the British Embassy and to ask the number.

We carried on and met three members of the British Embassy staff. Our American friend approached them, told them the situation, and requested their help by providing us with a small car. The British peoples did not have a car but promised to help us.

We went to No 17 Guanghai Road, which is the residence of the U.S. Ambassador to China. Our American friend requested to communicate with those inside but in vain. At this time, three police cars stopped at the door of No 17 and there were more than 10 policemen.

Later, we came across a group of tourists but they also had no car.

Finally, we met a Canadian couple. They recognized Fang Lizhi and expressed their willingness to invite us to their home and to drive their car to where we needed to go.

From 2030 to 2100 hours, while we were in the Canadian couple's home, we made a phone call to our son at home telling him of our whereabouts.

Telephone interviews began immediately.

From 2100 hours to the early hours of 27 February the Canadian husband used his car to take us to the Shangrila Hotel where we were interviewed by ABC, NBC, and CBS and we answered many questions in the press room.

The ABC television personnel took us back to our home in Baofusi.

Bush Returns Home After Asian Trip

*OW2802110989 Beijing XINHUA in English
0746 GMT 28 Feb 89*

[Text] Washington, February 27 (XINHUA)—U.S. President George Bush returned home tonight after finishing a six-day Asian trip, which took him to Japan, China and South Korea.

Speaking at the foot of the ramp to Air Force One at the Andrews Air Base, Bush described his trip as "productive and rewarding."

It demonstrated that the United States "is and will remain a pacific power," Bush said.

The president was greeted by Vice President Dan Quayle at the air base in Maryland.

During his first overseas trip as president after a brief visit to Canada, Bush met with Japanese, Chinese and South Korean leaders and held what he called "thoughtful and candid conversations" with them. He also met with other world leaders during his visit to Tokyo to attend the funeral of Japanese Emperor Hirohito.

"I return tonight pleased with the progress made toward lasting and mutually beneficial relationships," Bush said.

He said work remains to be done toward strengthening international alliances, opening foreign markets to American goods and the growth of democracy.

Editorial Praises Bush's Visit to China

HK2802092489 Hong Kong WEN WEI PO
in Chinese 27 Feb 89 p 2

[Editorial: "Bush's Visit to China Is Beneficial To Easing World Tension"]

[Text] After assuming office, Bush promptly paid a visit to China. This shows that he attaches importance to, and places high hopes on, U.S.-China relations. In particular, the fact that he came to Beijing to meet Deng Xiaoping and other Chinese leaders before Gorbachev's China visit will help China, the United States, and the Soviet Union's mutual understanding of each other's views on international issues, and promote their cooperation in the interests of world peace.

Bush pointed out in Beijing: "The prospects for the improvement of Sino-Soviet relations have brought hope to the people. New progress might also be made in the efforts of the Cambodian people in seeking self-determination and peace, and in the efforts of Korea in seeking stability."

Relations among China, the United States, and the Soviet Union have become healthier than before. As Bush has stressed, the time for "playing cards" is over. The rapprochement between any two big countries is not aimed at dealing with, or isolating the third big country. The third big country will not be worried about, or suspect such a rapprochement. American President Bush has seen the positive factors in the rapprochement between China and the Soviet Union. This shows the foresight and sagacity of a statesman. These three countries are member states of the UN Security Council. As long as they hold identical, or mostly identical views, their cooperation will be helpful to the economic development and peace of mankind. They can do more beneficial work for mankind.

The Cambodian issue is a good example. The United States has always hoped that Vietnam will withdraw its troops from Cambodia and that Cambodia will become neutral.

One of the practical actions taken by China and the Soviet Union in improving their relations is urging Vietnam to withdraw its troops from Cambodia, so that the Cambodian people can determine their own fate. If Vietnam keeps its promise, and withdraws its troops as scheduled, there will be great hope for peace in Cambodia.

The unstable political situation on the Korean peninsula has also been considerably improved. In the past, the United States always worried about the possibility that China and the Soviet Union would support Pyongyang in solving the problem of the reunification of Korea through force of arms. Today, the Soviet Union has adopted a friendly attitude toward South Korea, and the possibility of its establishing diplomatic relations with South Korea has gradually increased. China maintains

that North and South Korea should seek their reunification through peaceful means. The policy of China and the Soviet Union on the Korean peninsula is not directed against the United States. On the contrary, their policy is beneficial to stability in Korea. If the U.S. troops stationed in South Korea can be gradually withdrawn, this will mean the end of the tense situation and cold war.

Sino-U.S. relations are much better than in the past. Bush's China visit marks the beginning of a new stage in these relations. Bush pointed out: "In accordance with the basic principle of one China, we have discovered a way to discuss the Taiwan issue in a constructive way, and without any ill intent."

During the past few years, China and the United States were, very often, on bad terms because of the Taiwan issue. Today, "discussing the Taiwan issue without any ill intent" is stressed. Quarrels can be turned into positive dialogue. If this spirit can be implemented, future discussion between China and the United States on the Taiwan issue will become constructive dialogue. Bush believes that "peaceful contacts between the two sides of the Taiwan Strait have become a trend, which conforms with the interests of the United States." The peaceful atmosphere over the two sides of the strait is getting stronger and stronger. It is no longer appropriate to let the issue of "arms sales" impede the development of Sino-U.S. relations. As long as both sides act in accordance with the principles of the Sino-U.S. joint communiqués, and refrain from interfering in each other's internal affairs, the disputes between China and the United States will be considerably reduced.

The United States attaches importance to China's strategic role, whereas China pays close attention to the development of U.S.-China relations. As far as global strategies are concerned, both sides can frankly exchange views, and adopt measures which are not mutually exclusive. Both sides can open up broader fields of cooperation in cultural exchanges, economy, and trade. Of course, China hopes that the United States will further relax its control over the export of science and technology to China. The United States also hopes that China will work out a more relaxed policy for the investment market. As long as both sides stick to the principle of equality and mutual benefit, trade between the two countries will be further expanded.

Bush is assuming a positive attitude in visiting China. Deng Xiaoping has invited him to visit China again. Bush also expressed his desire to invite Wan Li to visit the United States. In the future, Chinese and American leaders will pay mutual visits, or exchange views more closely. The field of cooperation between China and the United States will be widened and expanded.

Editorial Views 'Sino-U.S. Summit'

HK2802085189 Hong Kong TA KUNG PAO
in Chinese 27 Feb 89 p 2

[Editorial: "Frank and Significant Sino-U.S. Summit"]

[Text] U.S. President Bush has come to China on a 2-day working visit, and he will leave China today. Bush is an old friend of the Chinese people. He is visiting China shortly after taking up his post as President of the United States. He has held friendly and frank talks with the main Chinese leaders, met with people from various circles, and delivered a speech to several hundred millions of Chinese people through a live television broadcast. This is Bush's fifth visit to China. Although it is a short visit, it is important and successful.

Both China and the United States are great countries. The development of friendship and cooperation between both sides is of great and positive significance to safeguarding world peace and promoting international economic exchange. When establishing diplomatic relations 10 years ago, both sides fully realized this new relationship would have a great influence on the Asia-Pacific region and on the whole world. Now the world situation is changing. The dialogue between the United States and the Soviet Union has begun to yield substantial results. China and the Soviet Union have also started the process of normalizing their official relations. Bush emphasized that he is visiting China at a time when important changes are taking place in the international situation, which presents many opportunities and challenges. Chairman Deng Xiaoping of the Central Military Commission expounded on the importance of Sino-U.S. relations from a high plain of strategic policy decision. He pointed out: China attaches great importance to history. It proceeds from its fundamental interests in working out both internal and external policies. It plays no cards and does not intend to resort to expedient measures. The friendly and cooperative relationship between China and the United States is an inevitable outcome of historical development and will by no means be harmed by the expected normalization of Sino-Soviet relations. Bush also said that he will be glad to see the improvement of Sino-Soviet relations and Soviet leader Gorbachev's visit to China.

Sino-U.S. relations have been established and developed on the basis of the five principles of peaceful coexistence. The jointly issued "Shanghai Communiqué" points out: "There are essential differences between China and the United States in social systems and foreign policies. However, both sides agree that all countries, despite their different social systems, should deal with their mutual relations in accordance with the principles of mutual respect for territorial integrity and sovereignty, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence." The peoples of China and the United States can learn from each other in many fields. However, all things must be done in light of their own

national situations. Over the past decade, China has achieved great successes in reform and opening up. Undoubtedly, the American people are also glad to see all this. However, unlike the understanding of some people, China's reform is a course of self-improvement of its own system. It does not mean to mechanically copy the systems of other countries. It is impossible to realize "overall westernization" in China or to introduce an American-style political system. General Secretary of the CPC Central Committee Zhao Ziyang made a detailed presentation on China's reform situation to Bush and clearly pointed out: "The real forces pushing Chinese reforms are the Chinese Government and the Chinese people who are doing their work in light of China's distinguishing features."

China's future lies in firmly and resolutely carrying out reform. The successful reform will provide foreign countries with more opportunities for cooperation and will be conducive to world peace and tranquility. But China's reform needs a stable environment. Thus it is not difficult for us to see that those Americans who are trying to encourage dissidence in China are actually attempting to undermine China's reform. This is harmful to Sino-U.S. friendship and does not accord with the fundamental interests of the United States. In U.S. society, there are also some people who are discontent with reality. The U.S. Government will certainly not welcome any foreign country supporting those people. State relations can further develop only on the basis of noninterference in each other's internal affairs.

It is now the second decade after the establishment of diplomatic relations between China and the United States. There is great potential in promoting the friendship and cooperation between them. Chinese Premier Li Peng had a detailed discussion with Bush on further promoting Sino-U.S. cooperation. On bilateral relations, special importance was attached to the Taiwan issue. On this question, Bush made the following indications: 1. The United States will continue to observe the principles of the three joint communiques signed by both countries. 2. It opposes the splittist activities on Taiwan Island. 3. It welcomes peaceful exchanges between both sides of the Taiwan Strait and will continue to show concern for the peaceful solution of differences by the Chinese people independently. 4. In accordance with the basic principle of one China, China and the United States have found a channel to discuss the Taiwan issue in a constructive manner and without any ill intentions. As Bush is familiar with Chinese affairs, he will certainly be able to do something worthwhile during his tenure of office in dealing with problems between China and the United States.

It has already been proven by the past decade that the great value of maintaining and promoting Sino-U.S. relations can surpass the differences between the two countries in the ideological field. It is thus reasonable to believe that in the future, obstacles will be removed and Sino-U.S. relations will continue to develop. Just as was pointed out by Chinese President Yang Shangkun last night, although China and the

United States hold different views on certain questions and there do exist some problems in Sino-U.S. relations that need to be handled seriously and carefully, provided both sides make common efforts, a new and greater development will surely be achieved in Sino-U.S. relations in the last decade of this century.

LIAOWANG Views Bush 'Honeymoon'

OW2702162789 Hong Kong LIAOWANG
OVERSEAS EDITION in Chinese
No 8, 20 Feb 89 p 24

["President Bush's Political 'Honeymoon'" by Wu Jin]

[Text] Dispatch from Washington—According to the official common practices in Washington, there is always a period of political "honeymoon" in the early days of a newly-sworn-in president. There is no exception with George Bush. In less than 1 month since he took office, he seems to have enjoyed a very good relationship with Congress and the political circles. Political figures and press media have all spoken highly of the new president's character, mentioning he is diligent with his administration, familiar with the situation, amiable, accessible, and respectful of the press, etc. Even his wife's "graciousness" and "plainness" have won favorable comments.

However, apart from the praise, people also seem to be anxious to see the new President present his administrative program. An article carried in the 9 February issue of THE CHRISTIAN SCIENCE MONITOR said: "It has been 3 weeks since Bush was sworn in as president, but Washington still does not know in which direction he is heading, nor does it know about his agenda or plan."

It was exactly under such a background that President Bush delivered a long speech on 9 February to a joint session of Congress. The theme of the speech was "let us join hands to build a more glorious America."

Bush told Congress: "We are very lucky—what we are facing today is a situation that has undergone significant changes." Indeed, compared to what Reagan faced 8 years ago when he took charge of the White House, both the international and domestic situations, in general, have changed dramatically and, on the whole, favorably to the United States. However, the new situation has its own problems, too. For instance, 8 years ago, the United States was domestically plagued by inflation and skyrocketing unemployment, and the people were worried; today, the U.S. economic picture has improved, and the economy has continued to grow strongly for more than 70 months, and the people enjoy a better living standard. However, what has emerged is an astronomical national debt (it is estimated to reach \$3 trillion), with accumulated budget and foreign trade deficits in the past 8 years amounting to \$1.49 trillion and \$800 billion respectively. This makes the life of the "master" very difficult. What is more, 8 years ago, the aggressive overseas expansion by the Soviet Union undoubtedly threatened the interests of the United States; now, the Soviets' "smiling

diplomacy" equally needs to be dealt with carefully, otherwise the United States may suffer defeats in its diplomacy and propaganda.

The main content of Bush's 9 February speech was to present to Congress a budget proposal for the next fiscal year (from 1 October 1989 through 30 September 1990). Foreign policy issues were only slightly mentioned—this seems to indicate that the new administration, at least for the time being, put domestic issues before foreign policy issues.

Compared with the Reagan era, we see some readjustments in the budget proposal in its priority: expansion in defense spending slows down (allowing for inflation, the defense budget gets a freeze in the first year and increases by 1 percent for the second and third years and 2 percent for the fourth year); spending on some social programs is increased, for example, the budget calls for a \$1 billion increase for the antidrug war, a \$1.6 billion budget for AIDS programs, and a \$3 billion raise for health care for poor women and babies, etc. On the one hand, this is to repay the debt left by Ronald Reagan in his 8-year administration in social welfare. On the other hand, this is to fulfill Bush's campaign promise—to gain support from the lower class, he then promised to make the United States a "kinder, gentler nation" (for the poor).

With the international situation easing up, the competition between the United States and its Western European allies in economic and scientific and technological fields sharpens. For some time now, many an article has appeared in U.S. newspapers warning that the United States' superiority in those areas is in imminent danger. Bush's budget proposal shows that the United States' leadership is aware of the seriousness of the problem. He stressed: "We must act today to ensure a happy tomorrow. We must cultivate the United States' lead in technological field, boost long-term investment, improve our educational system, and raise productivity. This is the key to building a glorious future." To achieve that goal, he suggested appropriating over \$2 billion each for the "State Science Fund" and the space program, offer tax advantages for private scientific research work, allot \$500 million to reward the nation's best schools, and set up a "Presidential Special Award" to encourage outstanding teachers, etc.

Bush's announcement of his budget proposal drew several rounds of polite applause from congressmen of both parties. However, judging the post-session response, many of them must have asked themselves: Where does the money come from?

Like Ronald Reagan, Bush has insisted taxes not be raised. He inevitably raised doubt in people's mind when he proposed to increase spending for the above-mentioned programs while trying at the same time to cut the budget deficit. House Speaker Democrat Jim Wright, sitting behind Bush on the speaker's chair, applauded several times when Bush delivered his speech. But, in interview with TV reporters after the joint session, he said: Congress is willing

to help the president fulfill his promise to make the United States a "kinder, gentler nation." "However, rhetoric or symbolic gesture alone cannot achieve the goal. What we need is money." Democratic Senator Sam Nunn's remark perhaps reflected the common thought of many people: "I do not believe we have the money to carry out all these good ideas."

According to Bush's projected budget, the annual revenue for the next fiscal year is US\$1.0656 trillion, and the annual expenditure is US\$1.1604 trillion with a budget deficit of US\$94.8 billion. There is no doubt that this deficit is less than that in the Reagan era. However, a deficit of nearly US\$100 billion is, after all, a sizable amount. It shows that Bush needs money to do many things that he likes to do. No wonder he showed a feeling that his ability falls short of his wishes, when he spoke. He said: "In many fields, we originally like to spend more money. However, we are unable to do so, before we have straightened up our financial affairs."

In the sphere of foreign affairs, U.S. relations with the Soviet Union are apparently given top priority. In this speech, Bush has stressed: The U.S. Government is willing to continuously develop its relations with the Soviet Union. However, it must adopt a "prudent" and "realistic" approach. It looks like this is the basic tone of the policy of the new administration in dealing with the Soviet Union. However, there are signs indicating that differences in varying degrees still exist within the U.S. leadership and between the United States and some of its allies regarding their strategy in dealing with the Soviet Union. In Washington, some people suggested cutting back on military expenses, cancelling the "Star Wars" plan, and reaching an agreement with the Soviet Union as soon as possible on reducing the number of strategic nuclear and conventional weapons. However, there are also some people who believe that "the cold war is not yet over" and that the United States must continue to maintain a powerful defense program. As the Soviet Union is about to leave Afghanistan, Britain and other Western European countries have already become impatient for the relaxation of the embargo against the Soviet Union. Meantime, the United States hesitates to relax its efforts. While the United States and the Soviet Union energetically work to tackle the issue of renewing the short-range nuclear arms in the Federal Republic of Germany, the FRG and other nations somewhat hesitate ... It looks like the Bush administration has a great deal of work to do in unifying the ideas within its own camp before it renews its talks with the Soviet Union.

In the sphere of foreign affairs, Bush, in his speech to the Congress, only briefly mentioned the U.S. policy in dealing with the Soviet Union. He basically did not touch other issues. Of course, this does not mean that these issues can remain unresolved. The new administration is expected to come up with countermeasures at an earlier date to deal with issues such as the Middle East issue, the Central America issue, the issue regarding debts of the Third World,

and the issue of trade relations between the United States and Japan and between the United States and Western Europe. But, in Bush's speech, no one can find any clue on how to tackle these issues.

Naturally, the United States is faced with more domestic problems than those mentioned above. Contentions between parties and groups and among various interest groups will openly explode as soon as the new administration begins to handle these practical problems, particularly when important decisions are to be made. This is when the political "honeymoon" of the new President ends. It looks like President Bush's "honeymoon" will not last very long.

Wu Xueqian Meets U.S. Professor

OW2102122589 Beijing XINHUA in English
0816 GMT 21 Feb 89

[Text] Beijing, February 21 (XINHUA)—Chinese Vice-Premier Wu Xueqian met here today Professor C.S. Kiang of Georgia Institute of Technology of the United States.

Wu said expressed [as received] his appreciation of Kiang's efforts to promote Sino-U.S. cooperation in science and technology, culture, trade and personnel exchange.

Kiang arrived here February 18 as guest of the China Association of Science and Technology.

U.S. Software Company Enters Chinese Market

OW2302031189 Beijing XINHUA in English
1253 GMT 22 Feb 89

[Text] Beijing, February 22 (XINHUA)—Ashton-Tate, an American computer software giant, has entered China's software market with its product Dbase-4 under an agreement concluded today.

The agreement is between Ashton-Tate and the Sixth Research Institute of the Ministry of Machine-building and Electronics Industry. The institute will help the company to convert the software into a Chinese version and sell it in China.

It is the first such contract that a foreign software company has signed with a Chinese organisation. The Novell and Autodesk companies of the United States will also come to negotiate deals with China soon.

Peter Boot, vice president of Ashton-Tate International, said at a press conference that the company will launch a broad and long program of cooperation with its Chinese partner—not only with Dbase-4 but also with products developed in the future.

Li Manjun, director of the Sixth Research Institute, said that in the next couple of months her organisation will send three specialists to develop a Chinese version of the software at an Ashton-Tate branch in Singapore.

Boot said his company has full confidence in the potential of China's software market. "The new software will be sold not only in China but also in other countries."

Dbase-4 is an advanced database management system for microcomputer users.

Chinese Microcomputers Enter U.S. Market

OW2402170289 Beijing XINHUA in English
1447 GMT 23 Feb 89

[Text] Shenzhen, February 23 (XINHUA)—The China Great Wall Computer Group (Shenzhen) Corp., the largest microcomputer producer in the country, recently sold 600 Great Wall computers to the United States.

The corporation, founded at the end of 1986, now produces five different types of microcomputers, and multicolor and singlecolor monitors.

According to General Manager Wang Zhi, the corporation has produced more than 18,000 microcomputers, of which 1,200 were sold to Singapore, Malaysia and Hong Kong, earning 1.8 million U.S. dollars.

Wang said that Great Wall computers have been well received abroad. A customer from Singapore praised it for having first-grade Chinese-language processing technique and said it has promising prospects for development in the 1990's.

The Wescom Company of the United States also expressed its satisfaction by saying that Great Wall computers, with reasonable prices and excellent quality, can compete with other computers on the U.S. market.

China To Produce Apollo Computers

OW2402153089 Beijing XINHUA in English
1321 GMT 24 Feb 89

[Text] Beijing, February 24 (XINHUA)—An American manager of the U.S. Apollo Computer Company Ltd disclosed here today that an export license for production of Apollo Computers in China is expected to be approved soon by the U.S. Government, thus making it possible for China to produce this kind of high-tech equipment.

Lindsay Yelland, vice-president of Apollo's Asia and Pacific Region Department, said at a press conference that an agreement on production has been reached between his company and relevant Chinese partners. Apollo workstations will be produced in Shanghai and Fujian once the license is obtained.

Using parts shipped from the U.S., 200 Apollo computers will be assembled at the two places, respectively, in the first phase of cooperation, he said. Later, Chinese-made components will be used.

Also, applied softwares will be developed at the two places with the assistance of his company, the vice-president said.

Soviet Union

Rogachev Says Moscow Seeks 'New Type' Relations

OW2602161289 Beijing XINHUA in English
1522 GMT 26 Feb 89

["Moscow, Beijing To Establish New Type of Relations: Rogachev"—XINHUA headline]

[Text] Tokyo, February, 26 (XINHUA)—Soviet Vice-Foreign Minister Igor Rogachev said here today that the aim of the upcoming Sino-Soviet summit meeting is to establish a new type of relationship between the two countries.

Rogachev, here for last Friday's funeral for Emperor Hirohito, told Japan's KYODO NEWS SERVICE that the topics of the Sino-Soviet summit scheduled for mid-May will range from bilateral relations, global issues, Asia-Pacific regional issues and mediation of regional disputes.

On relations with Japan, he expressed Soviet leader Mikhail Gorbachev's wish to visit Japan, but he added that the date of such a visit depends on the results of the vice-foreign ministerial talks to be held in Tokyo in March and the foreign ministerial meeting in May.

Instead of being a diplomatic gathering to exchange formalities, Gorbachev's visit to Japan should produce a certain agreement or a document, he said.

He also expressed Soviet willingness to discuss all issues with Japan without preconditions. But he warned of insurmountable barriers if Japan links all the issues with one issue, a reference to the four small Soviet-occupied islands off northern Japan, annexed by the Soviet Union at the end of World War Two.

Soviet Diplomat Content With Bush Visit

HK2802022189 Hong Kong HONGKONG STANDARD in English 28 Feb 89 p 6

[By Terry Cheng in Beijing]

[Text] A Soviet bloc diplomat here said U.S. President George Bush's visit to the Chinese capital had been productive, but made no major progress on issues of common concern to the two countries.

On such important international questions as the forthcoming Sino-Soviet summit and the Kampuchea question, neither U.S. or Chinese leaders revealed any new positions or moves, the diplomat said.

"Statements by Mr Bush on the issues are expected and were made before," he said, citing the American president's support for Soviet leader Mikhail Gorbachev's planned meeting with Chinese leader Deng Xiaoping.

Nevertheless, he said Mr Bush's visit had been productive, as the president had an opportunity to exchange views with Chinese leaders face to face.

"It was only natural for Mr Bush to visit China after attending Japanese Emperor Hirohito's funeral in Tokyo," he said.

He dismissed suggestions Mr Bush may have wanted to upstage Mr Gorbachev, due to visit China in May.

He said there was no need for Moscow to worry about Beijing's decision to keep relations with the U.S. "one step ahead" of links with the Soviets.

"It is up to China to decide whose relationship should be given priority."

Nevertheless, he expected Sino-Soviet relations, including links between the two communist parties, to undergo full normalisation after the May summit.

The Kremlin's other main interest in Mr Bush's discussions with Chinese leaders was the Kampuchea question. The diplomat said that from the Soviet point of view there were no remaining obstacles separating Moscow from Beijing, and that progress had been made on the Kampuchea question.

Meanwhile, preparations continue for Mr Gorbachev's three-day visit, during which he is scheduled to meet all top Chinese leaders.

Issues due to be discussed include border disputes and the reduction of troops by both sides.

Economic cooperation is expected to expand. The Soviets have already expressed interest in the construction of a subway system in Guangzhou and the sale of nuclear reactors to China's new nuclear plant in the northern province of Haoning.

"I don't see any reason why the Soviet Union cannot expand economic cooperation with China," a Soviet diplomat said.

"On the two projects, we have the technology and experience."

Sakharov Asked To Sign Chinese Amnesty Petition
HK2702134689 Hong Kong AFP in English
1327 GMT 27 Feb 89

[Text] Beijing, Feb 27 (AFP)—Soviet dissident Andrei Sakharov has been invited to sign a petition urging the release of all political prisoners in China, one of its original signatories said Monday.

"As one who has made such a contribution to human rights, your own signature would be special," Chen Jun wrote in his appeal to the Nobel laureate.

The letter also invited Mr Sakharov to send information on human rights in the Soviet Union to Amnesty 89, a working group founded last week by Mr Chen to collect data on political detainees in China.

In an interview, Mr Chen said he mailed one copy of the letter Sunday and gave another copy to a friend who is currently travelling to Moscow and plans to hand deliver the letter to Mr Sakharov.

Thirty-three intellectuals, led by poet Bai Dao and including Mr Chen, sent a petition February 16 to the National People's Congress (parliament) standing committee, urging a general amnesty for political detainees to mark the 40th anniversary of communist China this year.

It was inspired by a similar plea sent by prominent Chinese dissident Fang Lizhi to senior leader Deng Xiaoping in January. China officially says it holds no political prisoners.

Mr Chen said he earlier sent a copy of the petition to U.S. President George Bush, who visited Beijing over the weekend, via a senior diplomat in the U.S. Embassy here. He did not know if the president had received it.

Sino-Soviet Border Trade Rapidly Develops

Direct Trade Allowed

HK2802062189 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 1228 GMT 27 Feb 89

["Special contribution:" "Rapid Development of Sino-Soviet Border Trade"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 27 Feb (ZHONGGUO TONGXUN SHE)—Now all the border counties and cities of Heilongjiang that face the Soviet cities and towns across the river can carry out direct trade with the Soviet Union.

In Heilongjiang, you can hear trade cadres say every now and then: "The current in-depth and frequent contacts between Heilongjiang and the Soviet Union would have been unimaginable half a year ago."

Since the Heilongjiang Provincial CPC Committee proposed the strategy of "breaking a path through the south and opening to the north," the steps of "opening to the north" that refer to the Soviet Union have been accelerated. Apart from Suifenhe City, which was opened up to the outside long ago and Heihe and Tongjiang which opened up later, the six counties including Mishan, Hulin, Raohe, Luobei, Jiayin, and Mohe have also become border trade posts.

As an area contiguous to the Sino-Soviet border and the nerve ending of Sino-Soviet contacts, the frequent contacts between Heilongjiang's border counties and cities and the Soviet Union are quite natural. The acceleration of these contacts is, of course, related to the rapid improvement in Sino-Soviet relations and also to the interests of the local governments of both sides.

Some friends who visited the far east region of the Soviet Union said that the Soviet Union has given priority to the development of heavy industry for a long time. As a consequence, its light industry and agriculture are extremely backward. It is said that only some large cities as Moscow and Leningrad have the equipment to develop color film. In the far east region of the Soviet Union, video recorders are rare commodities and 80 percent of the television sets are black and white. Moreover, there is a lack of manpower in the region, particularly in the trades of building industry, design, and decoration. Daily necessities, nonstaple food, and meat are also in short supply in the Soviet Union.

Heilongjiang has all the things the Soviet Union needs. There are abundant resources for the export of light industrial products, meat, fabrics, and fruit. In manpower resources, thanks to the measures adopted by China to curtail capital construction, Heilongjiang can send large numbers of construction and decoration workers to contract foreign projects. According to some engineers of Heilongjiang's capital construction department, labor export has become the largest cooperative item in trade with the Soviet Union. However, Heilongjiang also has shortages of means of production including timber, cars, and cement. This is no problem for the far eastern region in the Soviet Union. In addition, the equipment and technology of a number of Heilongjiang's old enterprises and factories were provided by the Soviet Union during the 1950's. If Soviet experts can offer assistance to renovate and upgrade these equipment and technology, the results will redouble with half the effort.

Viewed from the local level, both China and the Soviet Union have a common ground on mutual complement and mutual benefit. As a border province of China, Heilongjiang cannot get any benefit from China's coastal development strategy. Hence, the province proposed the strategy of "opening to the north." Guangdong developed rapidly by making the most of its advantage of being adjacent to Hong Kong and Macao. Heilongjiang also wanted to make the most of its advantage of being close to the Soviet Union to reduce its gap with the coastal areas. Heilongjiang regarded

its weakness of being far from the domestic market as a strength for entering the international market which is in the vicinity. Following the implementation of the reform policy, the far east region of the Soviet Union also encountered the same problem.

Viewed from the central level, both China and the Soviet Union want to strengthen their position in the Asia-Pacific region. It would be quite natural for the border regions to start filling up the gaps in the mutually complementary cooperative relations.

"Will Heilongjiang become a special region in China's north?" A friend from Heilongjiang replied: "Following the Sino-Soviet high level talks, still greater changes will take place in Heilongjiang."

Transport Firm Increases Business

OW2502194089 Beijing XINHUA in English
0807 GMT 25 Feb 89

[Text] Beijing, February 25 (XINHUA)—China's biggest foreign trade transportation corporation is making great efforts to increase its business volume on the Sino-Soviet border, today's "CHINA DAILY" said.

Three truck transportation ports in China's northeastern Heilongjiang Province will open this year to promote Sino-Soviet trade.

The relationship between the two countries is returning to normal, and the trade volume between them is increasing rapidly. The railway transport system can no longer handle the load, said Liu Fulin, executive director and president of the China National Foreign Trade Transportation Corporation (Sinotrans) at a press conference.

The corporation opened two similar ports to the Soviet Union in China's northwestern Xinjiang Uygur Autonomous Region last year.

There are also special truck transportation ports to Pakistan, Burma, Korea and Hong Kong.

Sinotrans was set up in 1984 and has been the country's major foreign trade transport force ever since. Its business now includes transport by land, water and air.

Sinotrans has set up three special subsidiary companies in recent years. They are the China business marine corporation, the China Shipping Agency and the Sinotrans Airfreight Forwarding Company.

Last year, the first year Sinotrans adopted the contract responsibility system, it earned 330 million yuan in profits, 3 percent higher than the quota set by the state.

Liu said that its express letter service is the biggest in the country at present.

Liu said that his corporation pays special attention to the transportation of daily necessities to Hong Kong because over 90 percent of the vegetables and meat at the Hong Kong market are transported by the corporation.

Each day, Sinotrans transports about 7,000 head of oxen, 2,000 pigs and tens of thousands of chickens to Hong Kong.

Renovation Project Contract Signed With USSR
SK2402064789 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 23 Feb 89

[Text] A contract was signed recently in Beijing for the joint renovation of the Jiamusi paper mill by China and the Soviet Union, and the building of a production project with an annual capacity of 85,000 tons of kraft board. Upon completion, this project will enable the mill, the largest paper making enterprise in our country, to increase its production capacity by 50 percent.

Heilongjiang Prefecture, Soviet Oblast Sign Pact
SK2302075189 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 20 Feb 89

[Text] On the afternoon of 20 February, the province's Daxinganling Prefecture, which borders on the Soviet Union's Chita Oblast, signed an agreement with Mogocha in the Soviet Union's Chita Oblast on the export of labor and economic and technological cooperation. According to this agreement, Daxinganling will send a group of specialists and technicians to Mogocha for growing 20,000 square meters of vegetables in hothouses; and will provide designing, installation, and labor for building a brewery with an annual production capacity of 1,000 tons and for expanding a beverage factory with an annual production capacity of 5,000 tons in cooperation with the Soviets. In addition, the two sides exchanged a shipping list of commodities to be bartered.

Soviet Delegation Visits Heilongjiang
OW2302053089 Beijing in Russian to the USSR 1900 GMT 20 Feb 89

[Text] A friendship delegation from the USSR's Maritime Kray, headed by (Pulinov), first secretary of the Maritime Kray party committee, arrived in Suifenhe in Heilongjiang Province on 19 February. They came to celebrate with their Chinese friends the traditional holiday of the Chinese people known as the lantern festival, which falls on 15 January on the lunar calendar. The Chinese and Soviet friends danced [word indistinct], took part in other holiday activities, and witnessed wonderful performances.

(Liu Haitao), secretary of the Suifenhe party committee and chairman of the city's China-Soviet Friendship Association, accompanied the Soviet guests during the course of the evening.

Northeast Asia

Japanese War Responsibility Issue Resurfaces

BEIJING REVIEW Cited
OW2602032689 Beijing XINHUA in English 0256 GMT 26 Feb 89

["Japan's Government Gets 'War - Responsibility - Phobia,' Says BEIJING REVIEW (by Li Haibo)"]—XINHUA headline]

[Text] Beijing, February 26 (XINHUA)—In its "Notes From the Editors," [column] to be published next Tuesday in issue No 9 [of] the BEIJING REVIEW, Japanese edition, pointed out that within ruling Japanese circles there has been a chronic, political disease of an epidemic nature—"war-responsibility-phobia."

This disease has been diagnosed by evidence of frequent and intermittent irresponsible speeches that have been made in Japanese political circles in regard to Japan's aggressive war against China and other countries. These comments have obscured the nature of the war and absolved the former aggressors, thus causing concern among many people.

In 1982, the Japanese Ministry of Education denied that Japan had invaded Asian countries, claiming in their revised school textbooks that Japanese troops had merely "advanced" into these countries. The case is known as "the textbook incident," the article said.

In 1986, Masayuki Fujio, then Japan's education minister, made several statements excusing Japan for its annexation of Korea in 1910 and its slaughter of Chinese people.

Last year, people heard Seisuke Okuno, head of Japan's National Land Agency, trying to reverse history's verdict on World War II by claiming that Japan was not an aggressor in the war.

Now in mid-February, the Japanese Prime Minister Noboru Takeshita himself claimed, on two occasions, that the nature of the war—whether aggressive or non-aggressive—is a matter for future historians to judge. He also said that it was difficult to define an aggressive war academically. The remarks were "nothing but a euphemistic expression denying the fact that the war was aggressive," said the magazine.

All these words were not uttered from the same mouth, so it is an "epidemic disease." "It becomes very harmful and dangerous when we find it within the ruling party," the signed article said.

The article pointed out that it was a historical fact that Japan invaded other countries during World War II and that it was totally wrong to treat it as an unsettled academic issue.

"It is to avoid a repeat of such a historical tragedy that we Chinese pay so much attention to and criticize those irresponsible speeches, which not only whitewash past aggressors, but may also pave the way for militarism," the editorial notes said.

The notes further pointed out that the mistaken remarks of the Japanese VIPs have severely wounded the feelings of the Chinese people and the people of other Asian countries who once suffered under the Japanese invasion. Also, Japan's image of a peace-loving nation was tarnished by those speeches. And the country's desire to become a major political power may possibly come to naught.

"If the statesmen of a country lack the courage to face history and accept its reality, and cannot obtain trust from the international community, the country can hardly play a major role in world politics. In the German Democratic Republic, the Federal Republic of Germany, Italy and many other European countries, the governments have been sparing no efforts to pursue and capture every escaped former fascist, and any ideology and activities of neo-nazism are widely and strongly opposed. However, this has not been the case in Japan. On the war issue, many Japanese politicians have been found to be bashful, trying to cover up the mistakes and crimes of past rulers, said the notes.

The BEIJING REVIEW article concluded that "Japan's political disease is a chronic one, which cannot be cured overnight. We have to wait and see."

Takeshita's Remark Criticized

HK2702134789 Beijing RENMIN RIBAO
in Chinese 22 Feb 89 p 1

[Dispatch by reporter Yu Qing (0060 7230): "Takeshita's Remarks on War of Aggression Criticized by Mass Media in China, Italy, South Korea"]

[Text] Tokyo, 21 Feb—Japanese Prime Minister Takeshita's speech defending the War of Aggression was strongly criticized by the mass media in countries and regions like China, Italy and South Korea. The mass media here has made detailed reports on this matter. This morning, Takeshita called the chief cabinet members together to discuss countermeasures against the criticisms. They decided to explain to the relevant countries through diplomatic channels as soon as possible seeking their understanding.

Foreign Minister Uno told reporters after the cabinet meeting that the answer given by Prime Minister Takeshita on the issue of the War of Aggression was "incomplete. It may be due to the consideration that some facts are known to everyone and so were not fully explained." He also stressed that the government has not changed its attitude on this problem.

Takeshita said during an interview with reporters this afternoon, "I have repeatedly stated that we have to fully understand the fact that the previous war is internationally regarded as a war of aggression and has been seriously criticized. Therefore we have to make contributions to peace."

According to newspaper reports here, FRG President Weizsaecker told reporters before he went to Japan to attend the funeral of Japanese Emperor Hirohito, "People of every country have to face the problem of understanding the history of their own country. It is my responsibility to prevent the Germans from avoiding this problem."

Takeshita Remarks Defended

HK2702082389 Beijing RENMIN RIBAO
in Chinese 21 Feb 89 p 1

[Dispatch by reporter Yu Qing (0060 7230): "Chief of Japanese Cabinet Secretaries Spoke Cunning Words To Try To Defend Takeshita's Remarks on World War II"]

[Text] Tokyo, 20 Feb—While meeting the press today, Chief of Japanese Cabinet Secretaries Obuchi made an explanation, trying to defend Prime Minister Takeshita's remarks uttered in the Diet on the war of aggression. He said: "Prime Minister Takeshita has no intention of changing the previous line. His argument is not different at all from the previous argument of the government. I feel very sorry if there is any misunderstanding."

After that, on behalf of the government, Obuchi reiterated Japan's attitude toward World War II: 1) It is a fact that during the war in the past, Japan inflicted great loss on the nationals of the neighboring countries; 2) it is necessary to fully understand the fact that the act of our country in the war has been severely criticized internationally; 3) Japan has maintained that such matters must not be repeated, and that as a peaceful country, it should make a contribution to peace and stability of the world.

Public opinion here maintains that the reason Obuchi made the explanation was that Takeshita's argument had produced strong repercussions abroad over the past few days.

Qian Qichen Talks With Takeshita

HK2702053089 Beijing RENMIN RIBAO
in Chinese 25 Feb 89 p 1

[Report by Yu Qing (0060 7230): "Takeshita Meets With Qian Qichen—Foreign Minister Qian Stresses Correct View of History before Sino-Japanese Friendship Can Be Maintained"]

[Text] Tokyo, 24 Feb—This afternoon, Japanese Prime Minister Noboru Takeshita decided to hold an unscheduled meeting with Foreign Minister Qian Qichen in his office. When talking about relations between the two countries, Takeshita reiterated that Japan will adhere to the principles

and spirit of the joint statement and the peace and friendship treaty between the two countries. Foreign Minister Qian said that only with a correct approach to history can Sino-Japanese friendship be maintained.

Before that, Foreign Minister Qian Qichen met with Japanese Foreign Minister Sosuke Uno. Foreign Minister Uno once again expressed regret, on behalf of the Japanese Government, for Prime Minister Takeshita failing to express his true thinking in his answer to a Diet question about the war. Uno said that in the past, Takeshita had made explicit statements about the nature of the war and this position remained unchanged now.

Foreign Minister Qian said: It has not been easy to develop Sino-Japanese friendship to today's level, so it must be carefully cherished. Due to historical reasons some sensitive issues in the relations between the two countries must be treated carefully. History should be approached with a correct attitude. Only with a correct approach to history can we open the future and avoid hurting the feelings of the people in the various war victim countries.

The two sides indicated that they will make further efforts to develop friendly relations between the two countries. They also exchanged opinions on some international issues.

This afternoon, Foreign Minister Qian Qichen also met with Indian Foreign Minister Rao, British Foreign Secretary Howe, Yugoslav Deputy Vice President Dolanc, and Masayoshi Ito, secretary general of Japan's Liberal Democratic Party and chairman of the Diet Members for Japanese-Chinese Friendship League.

Japanese Envoy Explains Remark
OW2502210189 Beijing in Japanese to Japan
1430 GMT 24 Feb 89

[Text] Japanese Ambassador to China Nakajima met with Chinese Vice Foreign Minister Liu Shuqing yesterday afternoon. He explained that Prime Minister Takeshita's remarks at the Diet on 14 and 18 February did not adequately convey his true intentions. The ambassador delivered this explanation at the instruction of Prime Minister Takeshita and Foreign Minister Uno.

In response, Vice Foreign Minister Liu Shuqing noted that the recent remarks of Prime Minister Takeshita regarding the nature of and responsibility for the war [World War II] hurt the sentiments of the Chinese people and has aroused sharp reaction from them.

It is a historical fact that the war was an act of aggression by Japanese militarism; the world has already reached a conclusion based on this fact, he stated. No one can change this fact. The Japanese Government should face this important matter of principle squarely and act accordingly, he added.

Historian Charges Distortion

HK2802090789 Beijing RENMIN RIBAO in Chinese
21 Feb 89 pp 1, 2

[Report: "Why Do the Japanese Authorities Go Back on the Question Regarding the Nature of the War of Aggression Against China?—Historian Liu Danian's Speech to the NPC Standing Committee Session on 20 February"]

[Text] This question was raised at the ongoing Japanese Diet session, and I think it is necessary for us to comment on it.

From 14 to 18 February both Japanese Prime Minister Noboru Takeshita and the director of the Japanese legislative bureau, in reply to the inquiries addressed by the parties not in office, time and again explained away the Japanese invasion of China and the responsibility of the late Japanese Emperor Hirohito for the war. The director of the Japanese legislative bureau said, whether from the perspective of Japanese law or that of international law, the late Japanese Emperor Hirohito bore no responsibility for the war. Noboru Takeshita said: "The nature of the Second World War, aggressive or non-aggressive, is a matter for future historians to judge." The opposition parties questioned once again: "Former Premier Nakasone has admitted that the last war was an aggressive war. What do you think of this?" To this question Noboru Takeshita replied: There are many theories of aggressive wars and it is difficult to decide which one is correct. And then he repeated: "The nature of the last war, aggressive or non-aggressive, is a matter for future historians to judge."

The Japanese authorities once again tried to explain away the war of aggression when world opinion paid close attention to this issue. The media in England and the diplomatic circles in New Zealand have severely criticized the Japanese militarists for their war crimes. Many newspapers and journals in South Korea and Japan have also published criticism. According to the KYODO News Service, there will be 100 mass rallies across Japan in opposition to the Emperor on 24 February. In the 8-year-old arduous War of Resistance Against Japan, more than 20 million Chinese were killed and property amounting to \$100 billion was reduced to ashes. Therefore it is natural that we are concerned about this issue.

To the Chinese people it is not a problem of whether the late Japanese emperor bore responsibility for the war. Therefore such a problem has hardly been raised in the academic circles. If they insist that the late Emperor did not bear any legal responsibility, it will only be a gross deception which nobody will believe. Documents on all the meetings held in the presence of the emperor during the war of aggression against China and the records of those present are still available. The fact that such meetings would be called to make decisions at every critical moment alone could fully show whether the emperor bore or did not bear any responsibility for the war.

As for Prime Minister Noboru Takeshita's remarks on the nature of the war, I wonder if there is any special set boundary for the "future" or if the term has any particular meaning? Most Japanese scholars and historians all over the world have long ago reached a unanimous definition on the nature of the war. Such facts are too numerous to cite. Now I just cite as an example the newly-published Japanese book titled "Japan-China War and Relationship—Notes on the Seminar Marking the 50th Anniversary of the Lugouqiao Incident."

The book, written and edited by Jing Shang Qing (0064 0006 3237), honorary professor of Jingdu (0079 6757) University, and Teng Shen Ji (5671 3088 0679), honorary professor of Tokyo University and concurrently president of Asia University, collected nearly 20 papers provided by both Chinese and Japanese scholars, with the Japanese ones being the majority. A well-known Japanese historian Yuan Shan Mao Shu (6678 1479 5399 2885) said when summing up the seminar, "The seminar has further clarified the significance of the overall war between China and Japan beginning with the 7 July (the Lugouqiao) Incident. The importance of the clarification is that the Japanese started the invasion war against China, and the war ended with the Chinese victory in the national liberation and Japan's complete failure. For this, the seminar's conclusion is not ambiguous." He went on to say: If we wish to get a clear understanding of the Japanese invasion against China, we should trace back to 1931 and 1872 rather than the 7 July Incident. "The 'text book' incident shows that it is necessary for the Japanese to revamp their understanding of the nature of the war. Only by so doing will it do us good to review the Sino-Japanese relations from 1945 until now." Newspapers and radio stations in Japan gave quite a lot of coverage to the seminar. Mr Noboru Takeshita insisted that the nature of the war be judged by future historians. The detailed notes on the Sino-Japanese academic seminar marking the 50th anniversary of the Lugouqiao Incident and the speech made by the well-known Japanese scholar in summing up the seminar are an assessment of the nature of the war. From the point of time, contemporary historians are its "future" historians in terms of that war, which happened 40 years ago. I do not know why they are waiting for "future" historians to judge. The facts are crystal clear: First, explaining away the responsibility for the war is meaningless. It only signifies the lack of courage to face history. Second, nobody can ever change the nature of the Japanese militarism's aggression against China.

After repeated struggle, the Japanese text books finally put in the word "invasion," substituting for the former "entering." And the former Japanese Prime Minister Yasuhiro Nakasone has also officially claimed the war was an invasion. International exchanges require honesty and the friendship between China and Japan is in the fundamental interests of both countries. More flowers, not thorns, should be planted for the maintenance and development of the friendly relationship between the two countries. China is a country which observes proprieties and upholds justice and

we have signed a peace and friendship treaty with Japan. Japanese authorities repeatedly indicated that its behavior during the Second World War is not necessarily considered a war of aggression. They go back on the question regarding the nature of the war of aggression against China. What are they up to?

Takeshita Withdraws Comment

OW2702115289 Beijing XINHUA in English
0835 GMT 27 Feb 89

[Text] Tokyo, February 27 (XINHUA)—Japanese Prime Minister Noboru Takeshita today withdrew his controversial remarks about Japan's actions in World War II, saying Japan's aggressive nature during the war cannot be denied.

"I feel sorry for having invited criticism from foreign countries. I couldn't express myself satisfactorily," the prime minister told a session of the Budget Committee of the House of Representatives, according to a KYODO news service report today.

When answering a question from a member of the Japan Socialist Party (JSP), Japan's largest opposition party, Takeshita said Japan in the past inflicted serious damage on neighboring countries through war.

"I think the aggressive nature of such actions of our country cannot be denied," the prime minister said.

Takeshita claimed at a Diet (parliament) session on February 18 that whether or not Japan acted as an aggressor during the Sino-Japanese war and World War II is a matter for future historians to judge.

His remark immediately drew criticism from several neighboring nations which had suffered from Japanese invasion during the war.

New Sino-Japanese Hotel To Open in Beijing

OW2802134389 Beijing XINHUA in English
1317 GMT 28 Feb 89

[Text] Beijing, February 28 (XINHUA)—A deluxe hotel, a joint venture between China and Japan, will officially open here tomorrow.

The five-star Palace Hotel, which involved a total investment of 80 million U.S. dollars to build, has 575 deluxe suites.

Located in Beijing's business center, Wangfujing, the construction of the hotel took three years.

Bush Quoted on Chinese Trade Office in Seoul
SK2802074089 Seoul YONHAP in English
0632 GMT 28 Feb 89

[Text] Seoul, Feb. 28 (YONHAP)—China will shortly establish a trade representative office in Seoul, President George Bush was quoted here Tuesday as saying.

A high-ranking government official said Bush informed President No Tae-u of China's intention during their meeting in Seoul Monday.

Bush was also quoted as saying that the Chinese leadership shares his view that South Korea-China relations should be consistently improved to lower tensions on the Korean peninsula and in Northeast Asia.

The official said South Korea will set up a trade representative office in Beijing on a reciprocal basis.

South Korea has no diplomatic relations with China, an ally of North Korea, but has increased its trade through unofficial channels.

Bush flew into Seoul Monday for a five-hour stopover on his way home from Beijing.

RENMIN RIBAO Carries Samsung Ad
OW2702135989 Tokyo KYODO in English
1325 GMT 27 Feb 89

[Text] Beijing, Feb. 27 KYODO—The International Edition of the PEOPLE'S DAILY on Monday carried a full-page advertisement for Samsung Electronics Co. of South Korea.

This marks the first time that a major Chinese newspaper has agreed to give such prominence to a South Korean firm—testimony to China's policy of expanding its economic relations with South Korea.

But the advertisement was missing from the daily's Domestic Edition.

The advertisement said the Samsung Group has 140 subsidiaries in 43 countries with a total work force of 150,000. Samsung Electronics is a member of the Samsung Business Group, one of the biggest in South Korea.

But there was no mention of the country name, "The Republic of Korea," while the address, telephone and telex numbers of Samsung Electronics given in the ad are those of the firm's Hong Kong office, reflecting China's sensitivity to its ally North Korea.

Zheng Hongye, acting chairman of the China Council for the Promotion of International Trade, said recently that China will study the possibility of establishing reciprocal trade missions in Seoul and Beijing by the end of this year.

'Economic Restraints' Postpone Flights to Seoul
HK2702054789 Hong Kong SOUTH CHINA
MORNING POST in English
27 Feb 89 p 12

[By Curtis Smith in Shenyang]

[Text] Moves to open up direct flights between China and South Korea have been shelved for at least six months for technical reasons, according to airline officials in Shenyang.

Last autumn, Beijing notified Shenyang's CAAC [Civil Aviation Administration of China—FBIS] office that agreement had been reached between a South Korean delegation and CAAC, China's official carrier, to begin flights eventually between Beijing and Seoul.

The Chinese at the time planned to set up a separate airline to handle the new route which would be the first direct link between the two countries in almost 40 years.

"Since last year, China has been hit by economic restraints from the State Council, and that has influenced aviation planning," said Shenyang CAAC cadre Huang Kecheng.

"With the cuts, CAAC cannot afford the outlay for planes, staff and other costs involved in opening a new route.

"We could use the two new DC10s that were bought last year but their smaller size makes them less comfortable than the jumbos flown on international flights."

Mr Huang said CAAC wanted to open an entirely new route for the Seoul run that would include other overseas locations, including Osaka. "That route still has to be worked out", he said.

Despite the fact that Beijing officially recognises only North Korea, South Korea has become China's 10th largest trade partner, with ties that have grown stronger since the 1988 Summer Olympic Games in Seoul.

Last August, Shenyang, halfway between Beijing and Korea in Northeast China, opened an office in Seoul and sent a senior deputy mayor, Mr Zhang Rong-mao, to the ribbon-cutting.

Exchange Agreement Signed With DPRK
OW2402194689 Beijing XINHUA in English
0834 GMT 23 Feb 89

[Text] Beijing, February 23 (XINHUA)—The Chinese Government and the government of the Democratic People's Republic of Korea (DPRK) signed an agreement on exchange of goods for the year 1989 here this morning.

Wang Pingqiang, Chinese vice minister of foreign economic relations and trade (FERT), and Song Shicheul [name as received], vice minister of foreign trade of DPRK, signed the agreement.

Earlier today Zheng Tuobin, minister of FERT, met the DPRK delegation, led by Song Shicheul.

Mongolia Hopes for Better Relations With China
OW2602092189 Beijing XINHUA in English
0209 GMT 26 Feb 89

[Text] Ulaanbaatar, February 25 (XINHUA)—The People's Republic of Mongolia is ready to strengthen relations with China in the spirit of the Sino - Mongolian treaty of friendship and mutual assistance signed in 1960, Mongolian paper UNEN (TRUTH) quoted party leader Jambyn Batmonh as saying here today.

Jambyn Batmonh, concurrently Mongolian party general secretary and chairman of the Presidium of the Great People's Hural, said in an interview with the Soviet magazine NEW TIMES that as neighbours China and Mongolia should get on well with each other.

In recent years, due to efforts by both sides, relations between Mongolia and China have developed considerably and normalization of party relations are also under discussion, he said.

Sub-Saharan Africa

Zimbabwe Approves PRC Air Defense Loan
MB2702101889 Johannesburg SUNDAY TIMES
in English 26 Feb 89 p 11

[Text] The Zimbabwean Parliament has ratified a R260-million soft loan agreement with China to install a sophisticated air defence system, ending years of speculation about Zimbabwe's arms procurement plans. The deal includes missiles, aircraft and a radar umbrella similar to the one which confronted the South African Defence Force in Angola.

The soft loans are thought to reflect only a portion of the total cost, with many questions about the type of equipment to be supplied remaining unanswered.

Previous international speculation centred on President Robert Mugabe either concluding a R1.6-billion deal with Moscow for 12 of the latest MiG-29 interceptors, or reaching an agreement with British Prime Minister Margaret Thatcher during her visit here next month for supply of reconditioned Harrier or Sea Harrier "jump jets".

Diplomatic sources believed Mr Mugabe had forestalled any offer by Mrs Thatcher by reaching an agreement with Peking, his most loyal backer in the 1972-80 Rhodesian war. China, however, has little to offer in modern air interception technology except '60s-vintage Soviet-designed MiG-21s (Shenyang F-9s, some of which are

already in service with the Zimbabwean air force as fighter-bombers). It is believed Mr Mugabe has now contracted to take delivery of a well-tryed Chinese air-to-air interception version of the Shenyang F-9 with special radar and endurance fuel tanks.

The papers put before Parliament said aircraft would be delivered by the Chinese this October and would be accepted into service by Zimbabwe in January 1991.

Zimbabwean parliamentarians ratified the loans without debate on Friday.

The partial lifting of the veil of secrecy over Zimbabwe's air defence procurements comes after an outburst by Mr Mugabe in Masvingo on January 18, reacting to threats by SA Ministers to "take appropriate measures" to prevent Zimbabwe acquiring air capability. Mr Mugabe told a rally he would not be deterred.

African Students End Boycott of Classes
HK2202144089 Hong Kong AFP in English
1434 GMT 22 Feb 89

[Text] Beijing, Feb 22 (AFP)—African students at Beijing Language Institute returned to classes Wednesday at the end of winter break, effectively ending a boycott touched off by racial friction with Chinese students.

"A good number of African students have gone back to classes," said one of the Africans in a telephone interview, adding that he was unable to confirm if all had returned.

Other foreign students, who requested anonymity, said Africans had been lobbying their embassies to be sent back home after racial tension on at least four Chinese campuses in December and January.

But they were denied any help to go home, the students said. One embassy reportedly told its nationals that they were free to go home only if their families were willing to pay their airfare.

Trouble first broke out Christmas Eve in the eastern city of Nanjing when Chinese and African students clashed at Hehai University. Thirteen people were reported hurt and both sides blamed the other for starting the violence.

Incidents were also reported in Wuhan and Hangzhou.

Africans began boycotting courses at Beijing Language Institute after a peaceful January 3 march by Chinese classmates accused an African of humiliating a Chinese woman.

China hosts 1,500 students from Africa.

Many say they experience prejudice from Chinese who know little about African culture and resent the better living conditions enjoyed by all foreign students here.

Tempers cooled during the holidays that began with the Lunar New Year on February 6, but one African student in Nanjing—where classes resumed at several universities this week—indicated that bad feelings there had yet to go away.

"The situation now seems calm. The problem lies in the hearts of people," he said in a telephone interview.

The student at Beijing Language Institute, where about 300 Africans learn Mandarin before going on to specialist programs in universities, blamed Sino-African tension on the Chinese students' own situation.

"It is generally a feeling that Chinese are not satisfied with their own system," he said.

Besides living in crowded dormitories, Chinese students get scholarships that are far less than what their government provides to Third World counterparts.

In many cases, the latter get even more money than their teachers, observers say.

Congo Hails Cooperation With PRC
OW2302041189 Beijing XINHUA in English
0033 GMT 23 Feb 89

[Text] Brazzaville, February 22 (XINHUA)—Congolese President Denis Sassou-Nguesso has said that "Sino-Congolese cooperation goes well."

The Congolese president made the remarks here today in a written interview to our correspondent in Brazzaville on the occasion of the 25th anniversary of establishing diplomatic relations between China and the Congo.

Commenting on the road travelled by the two countries over the past 25 years since the establishment of diplomatic relations, the Congolese head of state indicated that "our two countries have been maintaining their rapports in various fields at a very appreciable level," adding that exchanges of delegations, information and experience between the two sides have been increasing. "We have been following with particular attention the political and socio-economic transformations happening in China," he said.

The Congolese president said, "Our cooperation with China is fruitful and has been translated into fact by remarkable achievements in the economic and social fields."

Referring to his last visit to China in 1987, he said, "we have laid the foundation for a new form of cooperation, which takes into consideration our requests as well as the new political orientation of that friendly country."

Congo Culture Minister Marks Ties With China
OW2202083389 Beijing XINHUA in English
0246 GMT 22 Feb 89

[Text] Brazzaville, February 21 (XINHUA)—Congo's minister of physical culture and sports, Jean Claude Ganga, said today his government wishes to continue the fruitful Sino-Congolese cooperation.

Speaking at a reception held here today in the Chinese Embassy on the occasion of the 25th anniversary of the establishment of diplomatic relations between Congo and China, Ganga said, despite the crisis and difficulties in the Congo, "We are ready to do everything to promote cooperation with China."

Ganga also pledged to support the African struggle, along with China, to accelerate Namibian independence.

Chen Muhua Meets Zambian Women's Group
OW2202121789 Beijing XINHUA in English
1223 GMT 21 Feb 89

[Text] Beijing, February 21 (XINHUA)—Chen Muhua, vice-chairwoman of China's National People's Congress Standing Committee, today met with and gave a banquet in honor of a Zambian women study group headed by Mary Fulano, member of the Central Committee of the Zambian United National Independence Party and chairwoman of its Women Affairs Committee.

During their meeting at the Great Hall of the People here this evening, Chen and Mrs. Fulano spoke highly of the friendship between the Chinese and Zambian women.

Mary Fulano asked Chen to pass a letter from President Kenneth David Kaunda to Chinese Communist Party Central Committee leaders.

The Zambian visitors arrived here February 19 to study China's rural industry and the situation of women's employment in the country. They are here as guests of the All-China Women's Federation, of which Chen is the chairwoman.

RENMIN RIBAO Journalists Visit Ghana
OW1502132489 Beijing XINHUA in English
0841 GMT 15 Feb 89

[Text] Accra, February 15 (XINHUA)—Member of Ghana's ruling Provisional National Defence Council (PNDC) Justice D.F. Annan has said that Ghana cherishes its good relations with China.

He made this remark when meeting a three-member delegation of the Chinese "PEOPLE'S DAILY" yesterday.

Mr. Justice Annan said Ghana wishes to strengthen these relations which have passed the test of time and have gone beyond political, economic and technical assistance.

He hoped the visit of the delegation would strengthen the cordial bonds between the two countries. For the peoples of the Third World to understand each other better, there should be more cultural exchanges among them, he said. "We are one people and there should be no room for misunderstanding among us," he added.

Urging Third World nations to keep in close touch to find solutions to their problems, Mr. Justice Annan said countries of the Third World should develop greater trade links among themselves to strengthen their say on prices of their commodities.

He also briefed the Chinese journalists on Ghana's economic recovery programme which, he said, has achieved much for the nation. The downward trend of the economy has been arrested, but there are still social costs which need to be addressed, he added.

West Europe

Chinese Trade Exposition Opens in London

OW2802053189 Beijing XINHUA in English
0240 GMT 28 Feb 89

["Feature: 'Yin Xing' and Tianfu Cola Catch Limelight in London (by Xue Yongxing)"]—XINHUA headline]

[Text] London, February 27 (XINHUA)—"Incredible," "unbelievable," "absolutely correct," exclaimed one "patient" after another after being diagnosed by a computer-based instrument called "Yin Xing"—silver almond—at China Trade Expo'89, which opened here today.

According to the early philosophy of Chinese traditional medicine, changes in body's condition will surely have certain reflection in different ear points.

The diagnosis instrument is thus developed recently by the ear-point treatment laboratory in cooperation with the Aihua Electronic Company in Nanjing, Jiangsu Province, east China.

Dr. Zhang Lipei, a specialist on ear-points treatment who is on hand to help the "patients," said that this instrument can detect bioelectricity changes in ear parts with computer technology. The data treated by computer are used to help doctors diagnose and treat various diseases in minutes.

An elderly couple came over and the lady volunteered to have a try. With data showing rapidly on the small screen, Dr. Zhang told her that she did not have to worry about cancer, heart trouble or illness in stomach, liver and kidney. "You are in good health, but your blood pressure is a bit high?" he asked.

"Yes, you are right," came the answer.

"And you get irritated sometimes," the doctor followed.

"Absolutely correct. I get irritated easily and frequently," the lady admitted. With amazement, her husband nodded in acknowledgement.

The stand soon drew a big crowd waiting in patience to be tested by this mysterious instrument.

Just across are free cans of Tianfu Cola on the stand of a food company from Chongqing, Sichuan Province, central China.

Tianfu Cola is a soft drink of carbonate-water and Tianfu Cola syrup is made of natural plants highly helpful to body building.

A father and his young son had a go on it. Asked how it tasted, the father said: "It tastes better than American cola."

"Yin Xing" and Tianfu Cola are two exhibits winning the greatest attention at the exhibition which is organized by the China Council for the Promotion of International Trade and sponsored by Britain's Sino-British Trade Council.

Taking part in the largest all-Chinese exhibition ever held in Britain are about 50 companies and enterprises from 15 different provinces.

Products on display include audio-visual equipment, electrical goods, medical equipment and diagnostic instruments, health products and Chinese medicines, sports equipment, hand tools and machine tools, mechanical components, chemicals, silk flowers, lacquerware, porcelain, glass flowers, cloisonne ware, enamelware, toys, cloths and fur garments, shoes and slippers, tea (24 varieties), canned drinks, wine and food stuffs.

British Servicemen Protest Attendance at Funeral

OW2502123989 Beijing XINHUA in English
0256 GMT 25 Feb 89

[Text] London, February 24 (XINHUA)—British ex-servicemen today protested against the Duke of Edinburgh's presence at the funeral of Japanese Emperor Hirohito.

A veteran said the Duke's brief bow to the Emperor sent shudders down the spines of those who survived torture in Japanese war camps.

Harold Payne, president of the National Federation of Far Eastern Prisoners of War Clubs and Associations, compared the Duke's bow to those he and his comrades-in-arms were forced to make during World War Two when they were held in a Japanese death camp in Burma.

"I bowed for three-and-a-half years.... If you did not bow you were beaten with a rifle or rocks," he said.

In many parts of Britain, veterans gathered to hold their own special remembrance services to coincide with Hirohito's funeral in what was described as "the most effective way of protesting the royal presence in Tokyo."

In London, some 350 veterans gathered for services at St. Martin's in the Field Church and laid wreaths in memory of the dead. A Japanese journalist was present, but was ordered to leave.

Andrew Burgess, 70, a former Royal Artillery warrant officer and Burma veteran, who began a hunger strike seven days ago protesting the Duke of Edinburgh's attendance at the funeral, today rejected an appeal from Buckingham Palace to call off the hunger strike.

PLA Chief Chi Haotian Meets British Visitors
OW2502185489 Beijing XINHUA in English
0843 GMT 25 Feb 89

[Text] Beijing, February 25 (XINHUA)—Chi Haotian, chief of General Staff of the Chinese People's Liberation Army, met Vice-Admiral Jeremy Black, British deputy chief of defence staff (system), and his party at the Great Hall of the People here this afternoon.

The visitors will also visit Xian and Guangzhou before leaving China on March 3.

Scientific Agreement Signed With Switzerland
OW2402152289 Beijing XINHUA in English
1239 GMT 24 Feb 89

[Text] Bern, February 24 (XINHUA)—China and Switzerland today officially signed their first agreement to exchange research scientists and information.

The five-year agreement, signed by the Swiss Federal Council and Interior Minister Flavio Cotti and China's Vice Minister of the State Science and Technology Commission Zhou Ping also outlines cooperation in scientific symposiums and personnel training.

During the past 15 years, Sino-Swiss technical and scientific cooperation had focused on student exchanges. There are presently about 250 Chinese students studying in Switzerland, and about 40 Swiss in China.

West German Official Visits Heilongjiang
SK2702234589 Harbin HEILONGJIANG RIBAO
in Chinese 27 Jan 89 p 1

[Text] Upon the invitation of the Heilongjiang Provincial People's Government, Mr (Langger), councillor and secretary of the Ministry of Economic Cooperation of the Federal Republic of Germany, arrived in Harbin on 26 January by plane for a 2-day friendly visit.

During the period of the Daxinganling fire, the government of the Federal Republic of Germany provided Daxinganling Prefecture with 30 million marks of emergency aid. On the afternoon of 26 January, Wang Zongxiao, deputy director of the Daxinganling Forestry Administrative Bureau, briefed Mr (Langger) on the utilization of the donation from West Germany.

That evening, Vice Governor Du Xianzhong met with Mr (Langger) at the Huayuancun Guesthouse, and held a friendly talk with him.

On behalf of the provincial government and the people of Daxinganling Prefecture, Du Xianzhong once again thanked the government of West Germany for its selfless aid. Joining the reception were Wang Chengzhi, deputy secretary general of the provincial government, and Sun Juping, director of the provincial Foreign Economics and Trade Department.

After the reception, Du Xianzhong hosted a banquet in honor of Mr (Langger).

When Mr (Langger) arrived in Harbin, he was met at the airport by Wang Yaochen, director of the provincial Foreign Affairs Office; and Sun Juping, director of the provincial Foreign Economics and Trade Department.

Zou Jiahua Meets West German Businessmen
OW2402140489 Beijing XINHUA in English
1224 GMT 24 Feb 89

[Text] Beijing, February 24 (XINHUA)—Chinese State Councillor and Minister of Machine-Building and Electronics Industry Zou Jiahua met Horst Weigel, vice executive president of Klockner-Humboldt-Deutz (KHD) CO. LTD of Federal Germany, and his party here this evening.

The German visitors arrived here February 16 to discuss co-manufacturing of farming machines with China.

Governor Meets Chinese-Italian Entrepreneur
OW1602045189 Hangzhou ZHEJIANG RIBAO
in Chinese 1 Feb 89 P 1

[Text] On the evening of 31 January, Governor Shen Zulun met with, and feted at the Youhao Hotel, Mr Chen Zhiguang, a Chinese Italian who is chairman of the boards of Chen's Asia Company and the Italian-Chinese International Trading Company, and his son Mr Chen Weijian.

Governor Shen Zulun expressed his appreciation for Mr Chen Zhiguang's efforts to promote reunification of the motherland, unite Overseas Chinese in Italy, promote friendship between the Chinese and Italian people and economic cooperation between China and Italy, and his contributions to the economic development of his homeland.

Mr Chen Zhiguang came to Hangzhou to discuss economic cooperation projects with departments concerned in Zhejiang Province. He will spend the Spring Festival in his hometown, Qingtian.

East Europe

Romanian Communist Party Official Visits China

Conveys Ceausescu Greetings

AU2202182589 Bucharest AGERPRES in English
1710 GMT 22 Feb 89

["Romanian-Chinese Exchange of Message at Top Level"—AGERPRES headline]

[Text] Beijing AGERPRES, 22/2/1989—From the RCP general secretary, president of Romania, Nicolae Ceausescu and Mrs Elena Ceausescu, a cordial salute was conveyed to the general secretary of the CC [Central Committee] of the Chinese Communist Party, Zhao Ziyang, to the chairman of the Central Military Commission of the People's Republic of China, Deng Xiaoping, to the president of the People's Republic of China, Yang Shangkun, and to the premier of the State Council of the People's Republic of China, Li Peng.

President Nicolae Ceausescu and Mrs Elena Ceausescu were conveyed thanks and best wishes from the Chinese party and state leaders.

The exchange of messages took place when Zhao Ziyang, general secretary of the CC of the Chinese Communist Party, received in Beijing, Tudor Postelnicu, alternate member of the Executive Political Committee of the CC of the RCP, minister of the interior, who is paying a swap-of-experience visit to People's China as guest of the minister of public security.

During the talk held on the occasion, stress was laid on the traditional friendly links between the two parties, countries and peoples, based on the principles of socialism, full equality, observance of national independence and sovereignty, non-interference in home affairs and mutual advantage, relations which have developed continually, on various planes, in the spirit of summit accords. Emphasis was placed on the importance of the official friendly visit paid to People's China last October, by President Nicolae Ceausescu and Mrs Ceausescu, which stands out, by its results, as a moment of utmost importance in the chronicle of the fine Romanian-Chinese relationships' contribution to the consolidation of the links between the two parties, countries and peoples.

Meets With Zhao

HK2402033389 Beijing RENMIN RIBAO in Chinese
23 Feb 89 p 1

[Report by Sun Yi (1327 3015): "Zhao Ziyang Meets Romanian Guest, Speaks About Domestic Situation"]

[Text] Beijing, 22 Feb—CPC Central Committee General Secretary Zhao Ziyang today urged the whole party to uphold the principle of attaching importance to two aspects, namely, keeping up with construction, stepping up the reform and opening up, and developing the commodity economy on the one hand, and, on the other, paying attention to the ideological and political aspect, including the work on the political and legal front and that of the public security system.

Zhao Ziyang made the above remarks when meeting in Zhongnanhai this afternoon with Tudor Postelnicu, alternate member of the Executive Political Committee of the Romanian Communist Party Central Committee and minister of internal affairs of the Romanian Government, who is visiting China by invitation.

Zhao Ziyang said: Three months have passed since last October. Generally speaking, we have been making progress in our efforts to improve the economic environment and rectify the economic order. Needless to say, the whole process will take 2 to 3 years to complete. Anyway, the process has been started and we are likely to face more arduous tasks ahead. At the moment, the overall situation is developing favorably. Although we have encountered quite a few difficulties, we definitely can fulfill the goals fixed by the 3d Plenary Session of the 13th CPC Central Committee.

Zhao Ziyang said: Now we have seen that the introduction of commodity economy in a socialist country can promote the development of the productive forces and boost the economy. But it will give rise to many problems as well. These problems involve the economic as well as the ideological and political sectors. We want to boost the economy, but we must also stop the evils of capitalist society from spreading in this country. Only in this way will we be able to give full play to the true superiority of socialism. Therefore, our principles must not set store in only one aspect, but in both.

Zhao said: We must not waver in the reform and opening up policy at the sight of these problems. As the old Chinese saying goes: "One must not give up food for fear of choking." But neither must we treat lightly the negative phenomena that have emerged. We must bring the superiority of socialism into play and steadfastly and effectively resist all negative phenomena and evil practices so that their influence will be minimized. Zhao attributed the occurrence of the above problems primarily to two factors: First, underestimation of the problems and insufficient mental preparation in advance; second, the lack of experience and, therefore, inability on the part of various sectors to adapt to new circumstances. These are new issues which will have to

be resolved with new methods, he added. During the meeting both host and guest expressed their desire for further development of relations between the CPC and the Romanian Communist Party and between the two countries.

State Councillor and Minister of Public Security Wang Fang was present at the meeting.

Feted by Qiao Shi

OW2302145189 Beijing XINHUA in English
1325 GMT 23 Feb 89

[Text] Beijing, February 23 (XINHUA)—Qiao Shi, Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, today met a delegation from the Romanian Ministry of Internal Affairs headed by Minister Tudor Postelnicu.

During their meeting here this evening, Postelnicu first asked Qiao to convey warm regards from President Nicolae Ceausescu and Elena Ceausescu to Zhao Ziyang, Deng Xiaoping, Yang Shangkun, Li Peng and other Chinese leaders.

On behalf of the Chinese leaders, Qiao asked Postelnicu to convey their good wishes to Nicolae Ceausescu, Elena Ceausescu and other Romanian Communist Party leaders.

Postelnicu, also alternate member to the Executive Political Committee of the Romanian Communist Party Central Committee, said China and his country maintained "very good" relations during hard times, and with President Ceausescu's visit to China last year, such relations have been strengthened and expanded.

Qiao agreed, saying that exchange of visits by leaders of both countries have helped consolidate Sino-Romanian friendship and served to push the development of international relations.

Postelnicu said the delegation's current visit will promote the co-operation between his ministry and the Chinese Ministry of Public Security.

After the meeting, Qiao gave a banquet for the Romanian visitors, with Chinese Minister of Public Security Wang Fang present.

Wang Fang Hosts Dinner

OW2202120089 Beijing XINHUA in English
1207 GMT 21 Feb 89

[Text] Beijing, February 21 (XINHUA)—Chinese State Councillor and Public Security Minister Wang Fang met with and gave a dinner for a delegation from the Romanian Ministry of Internal Affairs led by Tudor Postelnicu, alternate member of the Executive Political Committee of the Romanian Communist Party Central Committee and minister of internal affairs, at the Great Hall of the People here this evening.

The Romanian visitors arrived here on Monday. They will visit Shanghai and Guangdong Province before leaving for home on February 28.

Polish Scientific Delegation Visits China

Song Jian Meets Delegation

OW2202185289 Beijing XINHUA in English
1500 GMT 22 Feb 89

[Text] Beijing, February 22 (XINHUA)—Song Jian, Chinese state councillor and minister of the State Science and Technology Commission, met and feted a Polish Government delegation here this evening.

The Polish guests, led by Zbigniew Grabowski, head of Poland's State Office for Scientific and Technological development are here to attend the exhibition "Days of Polish Science and Technology in China" which is scheduled to open here tomorrow.

Prior to the meeting, the governments of the two countries signed an agreement on the 21st session of the China-Poland Commission for Science and Technology Cooperation.

Attends Beijing Exhibit

OW2402195189 Beijing XINHUA in English
1455 GMT 23 Feb 89

[Text] Beijing, February 23 (XINHUA)—The Day of Polish Science and Technology, which features 700 exhibits from 300 Polish industrial and research and development enterprises, opened at the Beijing Exhibition Hall today.

On display is sophisticated equipment and modern technology of Polish design. Visitors can see Polish innovations in such areas as electronics, chemistry, medical technology, environmental protection and agriculture.

Song Jian, state councillor and minister of the State Science and Technology Commission, said at the opening ceremony that the week-long exhibition would contribute to closer scientific and technological co-operation between China and Poland, and would promote the economic growth and trade of the two countries.

The exhibition is held concurrently with scientific symposia. A group of leading Polish scientists and specialist-practitioners will deliver 30 reports, 17 of them in the exhibition hall. In September 1989 Warsaw will host in return the Day of Chinese Science and Technology, according to a Polish official.

Hopes for Increased Trade

OW2402194389 Beijing XINHUA in English
1502 GMT 23 Feb 89

[Text] Beijing, February 23 (XINHUA)—China has become one of Poland's largest trade partners since both countries have pursued a more open trade policy in recent years.

At a press conference today, Zbigniew Grabowski, head of Poland's State Office for Scientific and Technological Development, who is in Beijing to host a Polish scientific exhibition, said both Poland and China were interested in the further growth of trade and economic and scientific-technological cooperation.

This has been manifest since the setting up in 1985 of the Polish-Chinese Committee for Economic and Scientific-Technological Cooperation, he said, and since the signing of a long-term agreement for 1986-1990 providing for mutual trade to the tune of 6.5 billion Swiss francs. Over 65 percent of the value of projected trade has been accomplished during the first three years of the five-year term. In 1988 contracts worth 1.4 billion Swiss francs were signed.

Poland's principal exports to China are mining machinery and equipment, cars and trucks, power plants and chemical and metallurgical products. From China Poland imports agricultural products, foodstuffs and raw materials.

However, trade officials from the two countries said that although industrial cooperation was increasing, the pace was slow.

"The prospects of further developing Polish-Chinese trade in the immediate future," said Grabowski, "will largely depend on the expansion of scientific-technological cooperation and industrial co-production. There is a good outlook for joint ventures, as both countries are aware of the advantages inherent in mutual trade."

SFRY Trade Union Delegation Arrives for Visit

Ni Zhifu Meets Delegation

OW2202120989 Beijing XINHUA in English
1218 GMT 21 Feb 89

[Text] Beijing, February 21 (XINHUA)—Ni Zhifu, vice-chairman of the Chinese National People's Congress Standing Committee and president of the All-China Federation of Trade Unions, met and gave a dinner for a delegation of the Confederation of Trade Unions of Yugoslavia here tonight.

Earlier today, Ni held talks with the delegation which is led by Marjan Orozen, president of the Yugoslav Confederation of Trade Unions. The visitors gave an account of the current reform of trade unions and economic and political restructuring in Yugoslavia. Both sides maintain that there are many common questions for the two countries' trade unions to deal with.

The Yugoslav visitors arrived here Monday as guests of the All-China Federation of Trade Unions.

Yan Mingfu Meets Union Leader

OW2502165489 Beijing XINHUA in English
0826 GMT 25 Feb 89

[Text] Beijing, February 25 (XINHUA)—Yan Mingfu, member of the Secretariat of the Chinese Communist Party Central Committee, met a delegation from the Confederation of Trade Unions of Yugoslavia, led by Confederation Chairman Marjan Orozen, here this afternoon.

Political & Social

Fang Lizhi on Leadership's Narrow-Mindedness
HK2802081989 Hong Kong MING PAO in Chinese
28 Feb 89 p 2

["Special dispatch" from Beijing: "Fang Lizhi Says the Fact That He Was Held Back by the Police Shows That the Leadership Lacks Broad-Mindedness"]

[Text] Prof Fang Lizhi said that the fact that he was held back by the police the evening before shows that the Chinese leaders lack the broad-mindedness required of all statesmen. Prof Fang Lizhi added that the fact that he was held back by the police has also tarnished the image of China and adversely affected the people's confidence in China's policy of "one country, two systems" because the implementation of the policy of "one country, two systems" requires broad-mindedness on the part of the statesmen.

Prof Fang Lizhi said: "The key to the successful implementation of the policy of 'one country, two systems' lies in the people's confidence in the government. If the Chinese leaders cannot even tolerate having dinner with a dissident, then the people will undoubtedly cast their doubt on the Chinese leaders' promised tolerance toward the coexistence of two different social systems within China in the future."

At the news conference he held yesterday, Prof Fang Lizhi reiterated his consistent stand that intellectuals should adopt an independent and critical attitude rather than an antagonistic and separatist attitude toward the government when making their efforts to push ahead with China's reform.

"We are willing to hold various forms of dialogue to exchange views with the authorities on a variety of issues. The views we express are not necessarily all correct ones. However, we don't think that the police action ordered by the authorities yesterday evening is helpful to solving any contradictions." Prof Fang Lizhi said that, as a matter of fact, he had not intended to make a speech at the banquet before he left home for it the evening before because the banquet was merely a ceremonial occasion. It was a pity and a surprise to him that he had been prevented by the police from going to the banquet. Prof Fang Lizhi said that the whole incident was a violation of the basic human rights and freedom.

"Police action is usually taken against the enemy. We can, at most, be called dissidents. All statesmen should be broad-minded. The police action against us was indeed detrimental to the creation of a harmonious atmosphere."

Prof Li Shuxian, Fang Lizhi's wife who was sitting beside Prof Fang Lizhi, could not help saying: "Which is beneficial to the stability and unity, to allow us to attend the banquet yesterday evening or to have the entire situation become what it is now?"

Prof Fang Lizhi said that as a scientist, he upholds science, democracy, and human rights. In the future, he will continue to uphold science, democracy, and human rights. Prof Fang Lizhi pointed out that the human rights pursued by Chinese intellectuals are, in fact, freedom of thinking, freedom of speech, freedom of press, and so on. These freedoms belong to both East and West and are stipulated in China's Constitution.

Prof Fang Lizhi pointed out that the purpose of striving for more democracy is to support the reform. For example, at present, China is plagued by serious official corruption and is desperately in need of independent supervision. Therefore, supervision by public opinion is democracy. Besides, Prof Fang Lizhi said that he has always held that the reform should be carried out step-by-step. However, all types of opinions concerning the reform should be listened to so that China can "grope for her way when crossing the river."

Prof Fang Lizhi said that what he has been advocating is a "critical" rather than an "antagonistic" attitude and an "independent" rather than a "separatist" attitude. Therefore, what he has been trying to seek is a harmonious political atmosphere.

Prof Fang Lizhi pointed out that Marxism and Leninism have many outdated defects and are ideologically "exclusive." That is why they cannot tolerate different views.

When asked what impact the incident will have on the on-going campaign for more democracy and human rights in China, Prof Fang Lizhi said that the incident will enable more people to understand the current situation in China so that more people will think it necessary to push ahead with China's democratic process.

A reporter asked: Since people who dare to speak out in China like Prof Fang Lizhi also felt "a sense of terror" in the incident which took place the evening before, will the police action ordered by the Chinese authorities serve to prevent Chinese intellectuals and ordinary Chinese people from "speaking the truth"?

Prof Fang Lizhi said that the police action ordered by the Chinese authorities is bound to have a negative impact. Nevertheless, Prof Fang Lizhi said that the incident which took place the evening before had not been the first of its kind in China. Therefore, many Chinese intellectuals will still continue to speak the truth even under such circumstances.

Prof Fang Lizhi said that yesterday morning, he received a lot of telephone calls from his friends, expressing indignation and support. However, Prof Fang Lizhi said that he does not want to see the incident intensify and has adopted a calm and critical attitude toward the incident.

When asked whether he intended to find out who were to blame for the incident, Prof Fang Lizhi said: "Those people obviously acted according to orders. I was very sympathetic with them and fully understood their mixed feelings."

Prof Fang Lizhi said that he had no idea who had given the order to take such an action. When asked whether he had heard about Yang Shangkun having said "If he goes to the banquet, I will not go," Prof Fang Lizhi said that he had not heard those remarks.

Prof Fang Lizhi said that before he left home for the banquet the evening before, he had not received any warning or pressure.

A reporter said that the incident which took place the evening before was widely reported by Taiwan newspapers the next morning, but Beijing newspapers did not mention a word of it, and asked Prof Fang Lizhi to comment on the situation concerning freedom of the press on both shores of the Taiwan Strait. Prof Fang Lizhi said: "It is crystal clear that there is a great difference between the two shores of the Taiwan Strait in this respect."

When asked what he thought of the reaction given by the U.S. President George Bush to the incident, Prof Fang Lizhi said that since President George Bush said to Wu Xueqian before boarding his plane that the incident which took place the evening before was really a pity and asked the U.S. ambassador to China to submit a report on what had happened, he believed that it was a good beginning.

Prof Fang Lizhi also said that when former U.S. President Ronald Reagan visited the Soviet Union, he was allowed to meet Dr Sakharov. Compared with the Soviet Union, China lags far behind!

Dissident Wang Ruowang Waits for Passport
HK2802120889 Hong Kong AFP in English
1201 GMT 28 Feb 89

[Text] Beijing, Feb 28 (AFP)—One of China's best-known writers and dissidents, Wang Ruowang, said Tuesday [28 February] he is still waiting for a passport from the police to travel to the United States for studies.

Reached by telephone at his home in Shanghai, Mr. Wang, an outspoken critic of the Chinese leadership, said the passport should have been delivered by now.

But he said the Public Security Bureau (police), which issues passports and visas in China, told him last Thursday [23 February] that his application was still being processed.

Asked if the delay might be linked to an interview he gave AGENCE FRANCE-PRESSE earlier this month, Mr. Wang replied: "I hope that this is not the reason."

Mr. Wang, 72, had said in the interview that the Chinese Communist Party—which he joined in 1937—would self-destruct if it refused to let citizens "wake up" and take part in political life.

He also wished that senior leader Deng Xiaoping would live long enough to see the collapse of his so-called Four Basic Principles of Socialism, "so that he can understand how much better off China would be without them."

The Four Basic Principles, enunciated by Mr. Deng in 1979, call for adherence to the socialist road, people's democratic dictatorship, leadership of the Communist Party, and Marxism-Leninism and Mao Zedong Thought.

In Tuesday's interview, Mr. Wang said he still hoped to go to Columbia University in New York City and that he would ask a professor there to write a letter of personal invitation that might speed up his passport.

He condemned Sunday's exclusion by police of dissident astrophysicist Fang Lizhi from a banquet hosted by visiting U.S. President George Bush in Beijing.

"It was absolutely impolite towards Mr. Bush.... He saw with his own eyes a violation of human rights in Beijing by the police. Speaking for myself, I am ashamed," Mr. Wang said.

He also rejected a claim by Communist Party General Secretary Zhao Ziyang, made Sunday to Mr. Bush, that Chinese intellectuals "advocating multi-party and parliamentary politics" were stirring up unrest and threatening reforms.

"It is the same as putting a label on the backs of people. They are intended to intimidate intellectuals and those holding opinions critical of the government," Mr. Wang said.

"Such a form of expression will provoke discontent among the people and intellectuals," he said.

Nationalities Minister Criticizes Separatism
HK2802034789 Beijing RENMIN RIBAO in Chinese
22 Feb 89 p 2

[Dispatch by reporter Yuan Jianda (5913 1696 6671): "Ismail Amat Criticizes Separatist Forces in Minority Nationality Areas"]

[Text] Beijing, 21 Feb (RENMIN RIBAO)—Addressing a national meeting of heads of nationalities affairs committees yesterday, Ismail Amat, CPPCC [Chinese People's Political Consultative Conference] National Committee vice chairman and minister of the State Nationalities Affairs Commission strongly criticized separatist forces in exile abroad. He called for continuous efforts to enhance solidarity among all nationalities and to strengthen and develop in breadth and depth the socialist relations between nationalities in China.

Ismail Amat said: In the wake of the relaxation of international relations and the improvement of China's relations with neighboring countries separatists abroad are shifting their focus of sabotage to Chinese territory. Pretending to be fighting for the interests of nationalities and religions, they have been stirring up riots in this country. Now that the reform and opening up are developing in depth, the imbalance between different areas and between different nationalities in terms of development will further expand in a certain period. In the wake of the development of democracy in the political field, the sense of democracy has been enhanced among people of all nationalities, and there may be a strong reaction to some phenomena in everyday life that violate the principle of equality.

Ismail Amat said all the above developments may affect relations between nationalities or even trigger disputes and conflicts. Therefore, this year, nationalities affairs committees at all levels must earnestly investigate and study new cases and new problems that have cropped up in regard of relations between nationalities, work out and put forth correct solutions and measures, and do their best to assist departments concerned and local authorities in eliminating all kinds of unstable factors.

Ismail Amat emphasized that the struggle against separatists at home and abroad is a long-term task that has an important bearing on the fundamental interests of the Chinese people of all nationalities. As far as this major issue of principled importance is concerned, one must always take a clear-cut and firm stand. People of all nationalities must unite to resolutely fight against any separatist activities, he said.

GONGREN RIBAO Opposes Elite Politics
HK2702100189 Beijing GONGREN RIBAO
in Chinese 3 Feb 89 p 3

[Article by Zhou Wenzhang (0719 2429 1757): "Neo-Authoritarianism: An Impractical 'Panacea'"]

[Text] Although it does not offer much well-knit systematic theoretical exposition, the influence of "neo-authoritarianism" is now spreading because of some scholars'

enthusiastic efforts to publicize it. The core of this theory is the hope placed on a small number of "political elite" or "political strongmen" who are expected to form a highly authoritative and centralized government to ensure the free development of the economy, to cope with the loss of macroeconomic control at home, and to extricate the country from predicaments. It is said that the reason this theory bears the name "neo-authoritarianism" is because it advocates the use of authority to remove obstacles to the free development of the individual and safeguard personal freedom—this is different from the traditional centralism that tends to build autocratic authority on the basis of deprivation of personal freedom. Its implication is quite clear: The reason China's economic development has suffered repeatedly from chaos and loss of control is because of the lack of a highly centralized authority (a leader or a leading group) in a position to play a balancing role. We can ignore neo-authoritarianism for the moment if it simply appears as a pure academic theory. However, now that it is put forth as a "panacea," we just cannot keep silent any longer in anticipation of the negative effects that may come out once it is implemented. So we think we must study the basis, feasibility, and rationality of this theory.

There is no doubt that the role of authority is indispensable in every society. Nobody would doubt the necessity of establishing the necessary power and authority of the central government in China today, where reform has landed in a predicament. The Chinese people have long been keeping a tradition: Whenever they are in a hard time or at a crucial stage, they would all look forward to effective measures presented by the highest authorities leading them out of the predicament or bringing about a historical turning point. Furthermore, so far China's reform has been proceeding under centralized leadership, coordinated and controlled by the central authorities. Even some major powers that are not kept by the central authorities at present are actually "delegated" or "given up" on a voluntary basis since the central authorities have realized the disadvantages of a high degree of centralism and the practices of intervening in everything. It is almost certain that once the central authorities want to regain all the powers that have been delegated or all the interests that have been given up, or if they want to put some "mandates" into force or to impose some "bans," they can readily do so at any time. Is it not true that expenditure has been cut throughout the country as soon as the central authorities ordered an economic deflation?! This indicates that the central government still keeps the power and remains the core of the whole power mechanism in China. The loss of authority and the necessity of rebuilding authority are just irrelevant. In fact the very key issue is the scientific way to use the power. Therefore there is little ground for resorting to "neo-authoritarianism." This is the first fault of the proponents of the theory.

Nevertheless, there is no denying the fact that the public's confidence in the government has decreased even though the government still can maintain its

authority. In other words, the prestige of the authorities has declined. Nowadays, strategic goals, development modes, ideal blueprints, and so on that the top decision-making stratum takes great pains to work out can hardly inspire the public and will no longer be accorded with enthusiastic support. It has been quite common that people feel indifferent to, take a passive attitude toward, or even make a mockery of the decisionmakers. How can we change this situation? Will it be possible to raise or maintain the prestige by simply relying on political centralism and the intensification of the government's authority? We did believe this in the past and Chinese society has had quite long experience with this. As a result, however, China has now arrived at a point where it has no choice but to introduce an overall reform. The second fault of the proponents of "neo-authoritarianism" is that they have blindly worshipped centralism as a magic weapon but have ignored an essential key point—on what basis are we going to establish and maintain the "new authority" of political centralism? If one simply vaguely calls for "strongmen's politics" or "centralist politics" without carefully pondering and resolving this problem, one is to bring the social, political, and economic setups back onto the pre-reform track and push for an overall retreat.

In seeking a solution to extricate China from the present predicament, of course we must learn from our predecessors' theories and foreign experience. But, no matter how, we certainly must take China's national conditions into consideration. One of the important arguments that the proponents of "neo-authoritarianism" have cited is the economic takeoff of the "four little dragons of Asia" which was achieved under highly autocratic political conditions. Extrapolating from this fact, they believe that economic development through political centralism is the only way for China's reform to go. However, the proponents of "neo-authoritarianism" have never pondered the following questions thoroughly: What are the special characteristics of the political centralism practiced by the "four little dragons of Asia"? How does this political centralism operate? What are its economic functions and how does it perform these functions? And, in particular, what is the economic structure that faces this political centralism and what is its operational mechanism like? In brief, does the political centralism and free economy practiced by the "four little dragons of Asia" basically suit China's realities? Needless to say, the answer is no. Therefore, the third fault of the proponents of "neo-authoritarianism" is that they have indiscriminately copied foreign experience and modes without making specific analyses. As everybody knows, we have suffered bitterly enough from this kind of fault in the past.

A sober analysis of China's reform process and its predicament shows that the crux of the problem does not lie in the lack of authority on the part of the central government and the diversification of power, but in excessive interference in the economy by the power and in the lack on the part of the government of all the

indispensable qualities for modern economic management, such as science, democracy, high efficiency, honesty, and so on. Economic development is governed by its own intrinsic objective laws. It is normal that the operation of objective economic laws may give rise to one problem or another or even some awful dilemmas during the transition from the old structure to the new one. It is these problems and dilemmas that embody good opportunities for economic development and offer the possibility of a switch from an abnormal economic state to a normal one. If the government can provide appropriate guidance at this moment, problems can be turned into good opportunities and a predicament can become a possibility of development. However, we used to make a big fuss, rush to exercise political power and the government's force, intervene recklessly, or even enforce some incorrect measures, whenever we came across a problem. The centralized administration and control that "neo-authoritarianism" is looking forward to have always existed in China. While the central government used to exercise a kind of macroscopic "unitary" centralized control that "demands uniformity in everything," a tendency of "diversified" or "decentralized" command in the microscopic aspect has been developed within the government—it is quite common that leading cadres overstep their authority and give arbitrary instructions without making thorough investigations and studies. This is one of the contributing factors for chaos in and loss of control over economic operation. If we also take corruption, poor efficiency, and bureaucracy of the government into account, we will be able to see the shortcomings of the current political structure more clearly.

Therefore, for the present stage of reform, the only way for China to extricate itself from its predicament is not to carry on the centralist politics under which the Chinese society and people have endured all kinds of suffering but to consolidate the current reform, continue to storm the existing highly centralized political structure, readjust the power structure and system, and thus develop a political structure which can be free from overall economic turbulence resulting from faults made by a small number of people.

China needs "political elite" or "political strongmen" as well as the central government's unified leadership. But political elite or government leadership must represent the spirit of science and democracy and must be the crystallization of science and democracy. If one emphasizes only "centralization" but ignores the reform of political power itself, one is actually attempting to restore the traditional government controlling system. That is by no means a "good program" either to the state or to the people.

GONGREN RIBAO on Democracy, Authority
HK2702105689 Beijing GONGREN RIBAO
in Chinese 10 Feb 89 p 3

[Article by Chen Xinquan (7115 2450 2938): "Politics in the Course of Modernization: Democracy and Authority"]

[Text] In view of the fact that neo-authoritarian views have been more common in China, it is quite necessary and pressing to discuss the relationship between democ-

racy and authority in light of the reform of the political structure in our country.

First, it should be stressed that democracy is opposed to autocratic "authority," but democracy does not reject all kinds of authority, and democracy and authority can be united.

At present, there exists a misunderstanding that democracy is a kind of disorder and confusion. Some people have even placed democracy and the "Great Cultural Revolution" on a par. One fundamental cause of confusion in the "Great Cultural Revolution" was precisely centralization of state power and arbitrary decisions made by individuals.

Democracy is a law of rational organization of political behavior. It establishes order by means of legislation and is itself a kind of authority. The authority of democracy is manifested in: Political behavior concerned has to follow certain democratic procedures, and any political behavior violating such procedures will be stopped or even punished; and policy decisions made by elected organs of power and leaders, results produced according to democratic procedures, have authority. Therefore, if true democratic politics is established, a kind of rational authority is also established.

In addition, true democracy does not lower the efficiency of the government. Nor will it interfere with the head of the administration in making decisions, and much less will it affect the authority of correct policy decisions. The head of the government or administration has full authority within limits prescribed by law. The concrete process of making policy decisions should be: Some policy decisions have to be put to a vote, and the principle of the minority being subordinate to the majority should be followed; and other policy decisions can be made by the head of the administration, and he should then take full responsibility for the decisions he makes. In a democratic society, both government and leader enjoy a high degree of authority, and this authority will inevitably be conducive to promoting the modernization drive.

In a society in which democratic authority has been really established, contradictions in social life can be resolved in good time and conflicts are reduced. In this sense, it can well be said that the greater the democracy in a society, the better is the order in that society. Also, the number of people who spend a lot of time on politics will be smaller in such a society. This is because if the popular will can be expressed in good time, most people will no longer gaze sensitively at politics, but will pay more attention to other aspects of their lives. The fact that "overheated" ("overcooled" is an abnormal form of overheated) politics exists in our country at present precisely shows that our democracy is not yet sound.

Second, it should be pointed out that neo-authoritarianism will not work in China no matter whether it is regarded as the general goal, a short-term target, or a transitional form of political reform.

Neo-authoritarianism means authoritative politics established in the course of modernization in undeveloped countries of the Third World by modernization-oriented military and political strongmen. It is a reaction to the early-stage congressional democratic system. This kind of authoritative politics cannot be regarded as the general goal of the reform of the political structure in our country. The goal of our reform of the political structure can only be democratic politics.

Can neo-authoritarian politics become a transitional form with progressive significance? This is determined by whether it is conducive to the promotion of modernization and whether it can eventually be turned into democratic politics. Two things are decisive: First, such "strongmen" should be the products of modernization and should be oriented to modernization. Second, such "strongmen" should take an open attitude toward advanced science and culture. They should be able to prop up the middle bourgeoisie so that the latter will have economic, political, and cultural strength. If the above two points can be ensured, authoritative politics is really positive. However, it is precisely here that we have not been able to obtain a definite answer. It seems that we have to try our luck by tossing a coin.

Autocracy and centralization of state power basically played a dominant role in politics in the history of China. After the victory of the revolution, the building of democracy could not be persistently carried out because of various complicated reasons. In the past decade, although achievements have been made in this respect, the task remains arduous. It can be said that we have not yet been able to break away from a social structure in which economy, politics, and culture are highly integrated as a whole. Drawbacks of ossification and a high degree of centralization of state power in the political structure are far from being eliminated. Under these circumstances, it should be said that it is extremely easy to establish a certain kind of "authoritative politics" on the basis of neo-authoritarianism. However, it is indeed very doubtful whether it can play an active role in commodity economy and the entire modernization drive.

Let us also look at the international environment at present. The pattern of democratic politics adopted in Western capitalist countries at present has objectively played a powerful exemplary role. Various socialist countries are carrying out reforms and are striving politically to realize democratization. Many intermediately developed countries and developing countries are also accelerating the speed of democratization. In such an environment, if our country alone consolidates a certain kind of authoritative politics or reestablishes a

neo-authoritarian politics while we are implementing a policy of opening to the outside world, the feasibility of such a move is indeed questionable.

Because of the above reasons, the establishment of "authoritative politics," which is counter to democratic politics, will have difficulty in meeting with the approval of the people and various social strata of our country. Hence, "authoritative politics" will not be able to vest authority in the government or leaders or raise work efficiency. On the contrary, it will give rise to many contradictions and even conflicts and will endanger social stability.

The building of democratic politics is a task which must be actively and carefully carried out and which must be started now. The political reform aimed at building democratic politics cannot be completed in one go, and impetuosity should be guarded against. However, if the building of democracy is regarded only as something for the future and if this target of democratic politics is completely discarded, this obviously will not be appropriate either.

As far as the building of democratic politics is concerned, breaking away from a pattern of a high degree of integration of politics, economy, and culture, and strengthening rule by law and weakening rule by politics in the entire social life is work of a basic nature. It is necessary for politics to appropriately guide and influence the entire social life, but this does not mean at all that the entire social life should be politicized. If principles in political life are directly extended to economic and cultural life, be it the principle of centralization of state power or the principle of democratic politics, the consequences will be undesirable. The principle of the minority being subordinate to the majority, for example, would be extremely improper for making academic appraisals.

While setting reasonable limits to politics, the process of democratization of political life itself must also start at once. People can only adapt themselves to democratic politics and learn to observe the order of democratic politics in the practice of democracy. As far as the conditions in our country are concerned, there is hardly any area where it is absolutely impossible to practice any democracy. In addition, in places where conditions are ripe, more extensive and a higher degrees of democracy should be practiced. These places will then play the role of demonstration and guidance. At present, special efforts should be made in developing democracy within the party. This is because the degree of democratization of a ruling party is decisive in overall political life.

This process of progressive democratization is also a process in which the people gradually vest authority in the government and leaders and such authority will certainly be respected by the people since it is vested by them.

Article on Establishing New Authority
HK2702030789 Beijing JINGJI RIBAO in Chinese
4 Feb 89 p 2

[Article by Zhang Yongjie (1728 3057 2638): "More on 'Authority'"]

[Text] The only thing not included in the following is academic authority.

Authority—A Problem Bound To Be Encountered in the Course of Reform

Reform means transformation of the irrational economic relations, political structure, and ideology. Hence, reform should at the same time negate the irrational authority that has derived from the traditional soil running counter to the objective of reform and protects the old tradition. Viewed from this point alone, reform is closely related to authority. The question of reform and authority has become important because how to look upon authority and whether establishment of authority is necessary has become increasingly pressing in the course of reform. The public has suddenly realized that reform has invigorated society as a whole and at the same time increased the difficulty in exercising control over society. The synchronization of restrictions imposed and no restrictions imposed on authority in the course of delegating powers has resulted in the tendency of each unit acting as it pleases. The efforts made to rationally coordinate the overall relations and give guidance to a correct orientation usually fall through because of the relaxation of restrictions on authority. In a word, authority is waning. Although some reform plans sound good, they are not properly implemented because a lack of authority has made it difficult to put them into practice. This is also the case of spiritual authority. When authority is deprived of its position in all fields, the people correspondingly lose their unified spiritual mainstay. All this forces people to think how they lost authority. Is it necessary to reestablish new authority? How do you establish authority? Will the establishment of authority bring about harm or will it prevent harm?

The criticism and forsaking of authority established on the old economic relations, political structure, and ideological basis constitute one aspect of social progress. Without the criticism and forsaking of the outdated authority, it would be impossible to break down barriers and introduce reform. Viewed from this point, people usually think that breaking with authority is necessary to introduce reform. Although the prerequisite of reform is to break with authority, the authority here refers to that with a special meaning rather than all authority. Regarding the tendency of "some socialists" negating all the "principles of authority" during the period from 1872 to 1873, Engels said: "Under the material conditions in which production and circulation of production depend on, a certain extent of authority, no matter how it has taken shape, and obedience are necessary, regardless of the social organizations." He continued: "Authority and

autonomy are relative and their range of application changes along with the different stages of social development." Note: Authority is necessary under any social condition. The question is what kind of authority should be established and respected to meet social conditions and demand.

An important content of reform is the redistribution of powers and reorganization of the power structure. This is an indispensable prerequisite for development. Delegation of powers constitutes only part of this. We have taken big strides in this regard over the past decade. Nevertheless, for the sake of preventing abuse of powers and short-term speculation and of coordination and unification at a greater scope, delegation of powers must be restricted by powers at a higher level. Apparently, we lack experience in this regard and have not effectively exercised control over the use of powers. This has led to the current serious tendency of each unit acting as it pleases. To exercise effective control over the use of powers and to keep in step, it is necessary to establish authority. Naturally, it should be a new kind of authority.

Reform has injected vitality and vitality has promoted development. Viewed from the course of development over the decade, we can see that this development depends to a great extent on "free creation" by the specific units that are decentralized and are not interrelated in many fields. If we admit that reform is a development course of a whole, we should at the same time acknowledge the limitation of the role of this decentralized "free creation." In fact, if there are no restrictions at all on vitality, it may give rise to decadent use of powers and mistaken behavior. In addition, the people will have a blunt sense of authority and have no unified spiritual norm. All this will be hazardous to reform.

If establishment of a new kind of authority cannot be regarded as one of the most important problems today, it should at least be one of the essential problems.

The Establishment of A New Kind of Authority

In a nutshell, authority is a kind of relationship composed of two factors, imposition of will and obedience. A certain will is acknowledged and obeyed and then exerts an influence in a relevant range in society. The relationship between such imposition of will and obedience is authority.

As authority includes the meaning of imposition of will and obedience, people still cannot calmly accept this concept. They regard authority as a "restriction," which is incompatible with reform. If reform is regarded as a process of smashing the old order and establishing a new one rather than each unit acting as it pleases, we can see that some individual and partial vitality will inevitably be restricted. The purpose of the restriction imposed

here is for exploiting overall vitality. "Restriction" will not inevitably be incompatible with reform. It endangers reform only when it does not conform to the tide of reform.

As authority is the relationship between imposition of will and obedience, viewed from the angle of imposition of will, authority has two forms, individual authority and functional authority. The former refers to obedience caused by coercive personal will while the latter refers to obedience resulting from coercive will of social functional organizations.

Because individual authority developed into a personality cult during the Great Cultural Revolution which led to grave consequences, individual authority has seldom been mentioned over the past decade. If individual authority is tantamount to performing one's will absolutely and forcing all social members to obey, it will apparently lead to grave consequences. This is a distorted expression of authority. However, individual authority can give enormous impetus to social development similarly as an individual playing outstanding leadership role in social development. The question still lies in establishing what kind of individual authority and how to apply this authority. Since it is "individual authority," whether it can give impetus to society depends to a great extent on the accuracy of the social development road and method selected by an individual, on the attitude toward his own principles, on his morality, and on unity between his own image and the public's impression of him.

Because of historical reasons, there is a tendency of the public disgusting individual authority. Meanwhile, the public also lacks understanding of functional authority. Functional authority is the relationship of subordination resulting from an imposition of will among vertical social organizations. It is manifested in the authority of a higher level organ toward a lower level organ and the lower level organ being subordinate to the higher level organ. It also indicates the public's subordination to a certain organ. The fundamental point of functional authority is that as a "group," it produces and releases will. It also indicates that the will is produced through democratic procedure. It may be influenced by the will of an individual, but its complete form is not individual will. Compared with individual authority, the impetus given by functional authority to social development depends on the extent of its democracy and science, its objective characteristic, and its scientific and democratic nature rather than a contingency of individual character.

The establishment of individual authority is the recognition of individual foresight and noble character, while functional authority derives from structure and discipline. Without a scientific and democratic structure, functional authority will be out of the question. Conversely, individual authority can be established under such circumstances. Within a democratic and scientific structure, individual authority and functional authority

influence and guarantee each other. Within a structure that lacks the nature of democracy and science, individual authority and functional authority cannot necessarily become a combined force. Hence, authority, whether individual or functional, or the combination of the two, depend on the degree of democracy and science of the structure.

An authoritative structure suited to development should be one in which individual authority and functional authority complement each other. Here the contingent factors for the shaping of individual authority and the possibility of its transformation to autocracy are weakened by the existence of functional authority. Meanwhile, individual authority has exerted a greater influence on the shaping of functional authority. As functional authority has taken shape on the basis of individual authority (not merely a certain individual, but every individual), it has accepted different views in the course of its establishment. However, it has a unified appearance while exerting an influence. Hence, its authority is also fully realized.

Individual authority should be revealed to the public. It mainly exerts an influence in the course of the establishment of functional authority. Individual authority should exert an influence through the influence of functional authority. This is an important aspect to ensure that authority will not develop in the direction of out-and-out egoism and give rise to a personality cult.

The new authority is not merely new individual authority or new functional authority. It is the combination of new individual authority and functional authority, particularly the latter, because in our society, which is not used to functional authority, it is still weak and unfamiliar.

Synopsis of 'Selected Works of Li Xiannian'
HK2702020189 Beijing RENMIN RIBAO in Chinese
15 Feb 89 p 3

[XINHUA report: "An Introduction to the Main Articles in 'Selected Works of Li Xiannian'"]

[Text] The "Selected Works of Li Xiannian" is a collection of 94 major articles written by Comrade Li Xiannian from June 1935 to February 1988, of which 75 are published for the first time. This collection is the epitome of the author's life for the last 60 years, during which he unremittingly worked for the liberation and happiness of the Chinese people. From this selection, the readers will see how Li Xiannian, in various periods of Chinese revolution and construction, integrated the doctrines and principles of Marxism-Leninism-Mao Zedong Thought with particular conditions, doing a remarkable job in fulfilling all tasks with which the party and government entrusted him. The author's experience in waging struggles in various complicated situations and

his major political, military, and economic viewpoints vividly displays his originality in applying Mao Zedong Thought to different realities.

The contents of the book may be roughly divided into three periods according to the course of history and the author's past careers.

The first period is from the Chinese Workers' and Peasants' Red Army's Long March to national liberation. A total of 25 articles written in the period are included in the book. These articles tell us how the author achieved successes by correctly applying Mao Zedong's doctrines and policies on armed struggles and the unified front to specific realities at particular places and time.

The "Two Telegrams after the First and Fourth Front Armies of the Red Army Joined Forces" are those Li Xiannian sent to Zhu De and China Soviet Central Revolutionary Military Commission after Li Xiannian headed the vanguard of the 4th Army of the Red Army to greet the Central Party Committee and the 1st Army of the Red Army so that the two main forces of the Red Army could join forces. The two telegrams underscore sidewise the two historical events of strategic importance, that is, the two armies joined forces and they made a decision to march northward. The "Struggle of the West Route Army," which groups three telegrams, is a precious document representing the arduous struggle of the remaining confederates of the west route army of the Red Army. Beginning the end of October 1936, under the command of Xu Xiangqian and Chen Changhao, the west route army, after wiping out 20,000 of the enemy in bloody battles at the Hexi Corridor, was defeated because it was hopelessly outnumbered and for other reasons. Li Xiannian received instructions to command the remaining confederates of the west route army in the hour of danger. Having great faith in communism and believing the revolution would finally prove triumphant, he and other comrades resolutely led a detachment in crossing over Mount Qilian and the Gobi Desert, and arrived at Xingxing Valley toward the end of April 1937, having gone through all kinds of hardships and difficulties. In so doing they succeeded in preserving a number of military core members for the party. Representatives of the CPC Central Committee Chen Yun and Teng Daiyuan, who were at Xianjiang then, took them to Dihua (now Urumqi).

In the period of the War of Resistance Against Japan, the party and the Army in the Hubei-Henan Border Area under the leadership headed by Li Xiannian, were left behind enemy lines in isolation and were caught in a three-way squeeze by the Japanese Army, the puppet army, and the dihardes. They had to wage arduous struggles and solve complicated contradictions. Under the leadership of the Central Plains Bureau headed by Secretary Liu Shaoqi and the Party Central Committee, they, by mobilizing the grass roots and relying closely on people of all social strata, who were in favor of the War

of Resistance Against Japan, finally succeeded in building a vast base area against Japanese invaders and powerful revolutionary armed forces at the Central Plains, which was of strategic importance. A total of 18 articles by the author in this period mirroring this triumphant struggle are assembled in the book.

"The Anti-Japanese Guerrilla Warfare in the Henan-Hubei Border Area," "Circular Telegrams on the Occasion at Which I Lead All High-Ranking Military Officers of the 5th Division of the New 4th Army in Assuming Office," "Driving South of Hubei," and so on gave a brief account of how the Hubei-Henan column driving into the areas behind the enemy lines grew into the 5th Division of the New 4th Army from a small armed force and how the anti-Japanese Hubei-Henan base was constantly enlarged and consolidated. **"It Is an Irrefutable Fact That the Henan-Hubei Driving Column Went All Out To Fight Against Japanese Invaders," "Trying Our Best to Avoid Military Conflicts With Kuomintang Armies," "Crushing the New Offensive by Anti-Communist Kuomintang Troops,"** and so on tell of the author's experience in correctly handling the relations between maintaining the unified front on the one hand and the principle of maintaining independence and keeping the initiative in our own hands on the other, and in carrying on struggles against some factions in the Kuomintang while trying to win over other factions in different ways. **"Resolutely Correcting the Unhealthy Tendencies in the Army"** and **"The Features and Tasks of Revolutionary Soldiers"** are the author's important speeches on strengthening the Army politically, ideologically, and organizationally and tightening the discipline in light of the Army's separate activities in isolation and in line with the requirements for building revolutionary armed forces under the leadership of the party. **"The Struggle in the Hubei-Henan Border Area in 1943"** and **"Enlarging and Consolidating Local Armed Forces"** sum up primary experience in the struggles against the enemy's "mopping-up operations" and "waging people's war" according to the features of the war against Japanese invaders in the central plains, the author suggests making use of the contradictions among Japanese troops, puppet troops, and the diehards. He also advocates vigorously developing local armed forces and carrying on the people's war, turning the geographical conditions provided by lakes and hilly areas into full account. In addition, he puts forward the strategic principles of concentrating fire on the enemy's separate targets while breaking the whole into parts when the enemy concentrates fire on a particular object of ours, in dealing with Japanese and puppet troops.

The five articles written after the triumphant War of Resistance against Japan including the **"Breaking Out of Encirclements in the Central Plains,"** gives an account of how the armed forces in the central plains under the leadership of Li Xiannian, who was commander, following the directives of the Party Central Committee and Chairman Mao, waged a tit-for-tat struggle against Kuomintang troops, breaking through the encirclement of

300,000 enemy troops and building new bases, while instructing separate armed forces to carry on guerrilla wars so that our Army could manuevre and continue to fight the enemy as needed by the strategic plan. The article also tells of how a part of the main force was put in the Army under Deng Xiaoping and Liu Bochong, which launched a great strategic counterattack on the Kuomintang later.

The 2d period is from the national liberation to 1954. During this period he held important leading posts in the party, government, and Army in Hubei Province and the central-south region. Eighteen articles written in this period are in the collection. These articles mainly deal with his achievements and experiences in his efforts to accomplish the task left over by the new democratic revolution, that is, the task of restoring and developing the national economy, building and consolidating the people's democratic power, and making preparations for the socialist transformation and industrialization, by making a thorough analysis of local conditions so as to grasp the characteristics, and correctly instituting all policies worked out by the CPC Central Committee and central government.

"Wiping Out the Bandits and Combating Local Tyrants Are Two Major Tasks at Present" and **"The Features of Hubei and Current Policies"** expound, on the basis of a thorough analysis of political and economic features and social conditions in Hubei and in light of the central China bureau's directives, the policy of shifting the focal point of the work to the countryside while giving consideration to cities in a certain period. This policy instructed all localities to lose no time in carrying out in a planned way tasks such as wiping out the bandits, combating local despots, suppressing counterrevolutionaries, and land reform, thus preparing the sound ground for the socialist transformation and urban democratic reform. **"Stepping Up the Building of Political Power"** and **"Strengthening the Work Concerning the United Front"** mainly explain the relations between the party leadership and the political power, and the relations between strengthening the united front and strengthening the people's democratic dictatorship. The articles maintain that it is necessary to distinguish functions of the party leadership from those of political power and eliminate the practice of substituting the party for the government; they also maintain that strengthening the united front plays an important role in building political power, and set three principles and various measures for the work with regard to the united front. It is commendable to put forward in explicit terms these important viewpoints as early as in the early fifties. In the articles such as **"Resolutely Instituting the Party's Policies Relating to Intellectuals," "Correctly Implementing the Party's Policies and Strategies,"** and other articles, the author correctly explains policies applicable in various fields in line with the situation and tasks at that time, and especially discusses with foresight the party's policies toward intellectuals. He says in set terms that intellectuals, who are indispensable for New China's construction,

are the nation's wealth. Despising them is a manifestation of backward consciousness inherent in peasantry and will endanger the party's interests. **"Shifting the Focal Point of the Work to Economic Construction"** makes an overall appraisal of the work in Wuhan City, analyzes the social conditions of the city that made production the central task, explains clearly the relations between economic construction on the one hand and stable political power and political reform on the other, and specifically advocates shifting the focal point of the work to economic construction. He appeals to the vast number of cadres to make an ideological change, and study hard to master the complicated science of economic construction, the way they did to familiarize themselves with military affairs during war times. **"The Basic Purpose of Socialist Construction Is To Develop Productive Forces"** and **"Implementing Better the Party's General Line and General Tasks"** are two speeches made at a time when we began introducing the general line for the transition period. The author says, to achieve the cooperative transformation of agriculture it is necessary to adhere to the principle of giving a demonstration and voluntary participation. We should properly carry out the policy of utilizing, restricting, and transforming the capitalist industry and commerce. To realize industrialization, it is necessary to develop other economies correspondingly while building a powerful heavy industry so that they can develop in tandem with the heavy industry proportionately in a coordinative manner, avoiding dislocation and confusion in economic activities. The key point of the speeches is that in socialist transformation we should regard the expansion of productive forces as the primary objective and the whole economy should advance steadily in a planned way.

The 3d period refers to time following 1954. Fifty-one articles have been included in this book, accounting for the lion's share. Those articles concentratedly show the author's major views on construction and reform in consideration of China's actual conditions.

From 1954 to the time prior to the "Cultural Revolution," Li Xiannian was successively appointed member of the CPC Central Committee Political Bureau, secretary of the CPC Central Committee Secretariat, vice premier of the State Council and concurrently director of the Financial and Trade Center, minister of the Ministry of Finance, and vice minister of the State Planning Commission. The 19 articles written in this period basically show the author's important views, which he formed through continually summing up experience and exploring objective laws, on planning, finance, banking, commerce, and foreign trade when he was working with the central authorities and taking part in leading the socialist transformation and socialist economic construction. It shows his major suggestions in correcting the erroneous "Great Leap Forward" and overcoming the 3 years of difficulties when he took part in providing guidance for the readjustment of the national economy.

"Improving the Leadership Over Commercial Work and the Transformation of Private Shops" is a report he

submitted to Mao Zedong, Zhou Enlai, and the central authorities. In the report he pronounces his opinions on improving the strained relations between the state and private sectors of the economy, and those between the state and peasants caused by a too rapid of transformation of private shops. He says that when the state-owned economy has established control over the source of industrial and agricultural goods, it is necessary for the socialist commercial departments to make concessions to urban retailers so that they can continue their business. Then we can proceed to transform private shops in various ways. In rural areas the transformation of small tradespeople and peddlers should be based on voluntary participation, and they should be allowed to join the supply and marketing cooperatives step by step or act as purchasing and marketing agents for the cooperatives. When the peasants have sold a set quantity of products to the state, they should be allowed to freely sell their surplus products in the market following the rules relating to market control. Market fairs should be restored in the countryside, and they should be opened up in cities, too. We should also try our best to meet the peasants' demands and offer convenience to them.

"Summary of the Report to the Central Authorities on Financial and Trade Work" is one of the reports submitted by various departments which Mao Zedong listened to before he wrote his "On 10 Major Relations." This report received favorable comments from Mao Zedong and copies of it were given out to comrades in authority at the central and local levels. The report underscores the policy of collecting the maximum amount of revenue and cutting expenditure to the minimum. It also advocates two important views as to how the relations between the state and enterprises and between the central government and local authorities should be readjusted and how the initiative of all sides mobilized. On the problem of how we should improve the financial management of enterprises so as to arouse the initiative of enterprises, the author points out, the unified state control over income and expenditure of enterprises fails to make enterprises, in consideration of their own material benefits, concern themselves with the accomplishment of state plans. Therefore, he suggests delegating more authority for financial management to responsible cadres of enterprises and departments and keeping part of the profits for enterprises so that they will relate their income with their expenditure and work hard to increase income and curb expenditure. While commenting on the excessive, overly trivial, and unduly centralized control by various departments of the central government over enterprises, the author proposes in unequivocal terms that more authorities for financial management should be given to localities and flexibility allowed. For this purpose, the system under which the plan is drawn up, and the management systems applicable to various departments must be changed. All these opinions point out the malpractices making their initial appearance in our socialist economic system that was set up in a hurry, and offer a solution to the excessive centralization of state power.

"The Expansion of Production and Other Undertakings Must Be Placed on a Safe and Reliable Basis" is an important speech openly advocated at an earlier stage correcting the rash advance committed in 1956. The author emphatically points out the unhealthy tendency at that time of giving undue priority to quantity and speed in economic construction while neglecting quality and economic results. The author maintains that the expansion of production and other undertakings should be placed on a safe and reliable basis and proposes to make a necessary and rational readjustment of the plan for capital construction. Based on the experience and lessons of the economic construction in 1956, Chen Yun advanced important views in January 1957 that the scale of construction must be contingent upon the national power and a balance must be struck between finance, credit, and material. Li Xiannian was in full agreement with Chen Yun's views and explains in detail the views in the article **"Finance, Credit, and Material Must Strike a Unified Balance."** Drawing a lesson from the premature advance committed in implementing the 1956 state budget and credit plan, he discusses the necessity and importance of maintaining a unified balance between finance, credit, and material, and points out that this is an objective law that must be adhered to in socialist economic construction. He also puts forward the principles that must be followed in realizing the balance between the three, and sums up a number of preliminary basic experiences for socialist construction.

The four important articles including **"Alleviating the Strain on Market and Developing Nonstaple Food and Handicraft Industries," "The Outstanding Problems Related to Current Finance and Banking and the Readjustment Measures," "A Letter to Mao Zedong Regarding the Grain Problem,"** and **"Problems Related to Market Prices and Currency in Circulation and the Measures to Overcome the Difficulties"** were written, under the guidance of the party Central Committee and when he took part in leading the readjustment of the national economy, to correct mistakes made in the "Great Leap Forward" and the campaign to turn the whole countryside into people's communes and to overcome economic difficulties, showing his unrelenting efforts in the period when leftist ideology played the dominant role. In the first of the four articles, in view of the fact that imbalance of supply and demand caused by impetuosity and proneness to boasting and exaggeration was found in every sector, he advocates introducing a variety of policies and measures such as vigorously increasing the supply of nonstaple food, restoring and developing the handicraft industry, reducing the staff and workers, curbing institutional purchases, and banning money supply without matching the supply of commodities. The second article is a report he submitted to the party Central Committee when the latter held a meeting on Lushan Mountain. In the report he points out in a practical way that the surplus in the budget for 1958 was nonexistent, payments were greater than receipts in bank credit, and the money supply was excessive. He adds, the situation was worsening in the first half of 1959 and

there was an excessive decrease in grain kept in stock. Therefore he suggests to the central authorities to readjust the economy. In the third article, after making a concrete and detailed analysis of the acute contradictions and serious problems with regard to grain caused by impetuosity and unrealistic production targets, weighing the pros and cons, and after repeated consideration, he came up with a plan to import 10 billion jin grain to decrease the grain purchases by the state by 4 billion jin, and to decrease the urban population by a considerable amount. In the fourth article, the author points out in a more specific way that the main problems related to market prices and money flow were: There was an undue increase of 3 to 4 billion yuan in money supply; the purchasing power was 4 to 5 billion more than the commodities available; the prices increased by over 20 percent; and there was a deficit of over 3 billion for 2 years running. Hence, he puts forward 6 measures, one special item of which is to freeze the prices of commodities belonging to 18 categories and expenses, which accounted for 60 percent of the expenditure of the staff and workers. The central authorities agreed to Li Xiannian's views and transmitted his report throughout the country for implementation.

Beginning 1963, there was an all-around improvement in China's economy, and the central authorities decided to spend another 3 years continuing the readjustment and introduced tentative reforms of the economic structure. In the two important articles **"Some Views on the Current Economic Work"** and **"Rules and Regulations Fettering the Productive Forces Must Be Resolutely Modified,"** he stresses that agriculture must be taken as the foundation of the national economy, the basic industry strengthened, and relations between accumulation and consumption must be properly handled. He also points out the problems in finance and banking and the necessity of modifying the rules and regulations. He makes clear that the basic purpose of reform is to expand production with greater, faster, better, and more economic results. Therefore anything fettering the productive forces and doing harm to the expansion of production must be resolutely and thoroughly eliminated. Following the spirit of construction before destruction, the author advances his tentative thoughts on the reform of financial work and 10 principles that must be upheld in reform.

The book also includes a number of written instructions on reports and two speeches he gave during the "Cultural Revolution." They show the unrelenting efforts made by the author, as an assistant to Premier Zhou Enlai, to take care of financial matters, to reduce the losses caused by the political turmoil, and to do a good job of arranging production and people's life. They also show how he worked hard in 1975 to help Deng Xiaoping fight against the counterrevolutionary clique headed by Jiang Qing, promote stability and unity, and develop national economy.

In 1976 Li Xiannian played an important part in crushing the counterrevolutionary clique headed by Jiang

Qing. Later he was successively appointed vice chairman of the party Central Committee, member of the Standing Committee of the Central Committee Political Bureau, and president of the PRC. Twenty-nine articles written in this period are included in the book, mirroring his major views on economic readjustment [tiao zheng 6148 2419] and reform and the opening policy when he took part in directing the party in achieving great historic change during the new period.

"Laying Store by the Production and Circulation of Socialist Commodities" is part of the speech made by the author at the national finance and trade conference. In this article, the author discusses the role played by commodity production and the law of value in socialist economy, and the significance of the work relating to finance and trade. Of the articles written by party leaders, this is one reiterating the role of commodity production and the law of value at an earlier stage, exercising a positive effect on the reform thereafter.

In **"A Speech at the Meeting To Discuss Principles Called by the State Council,"** the author once again stresses that in expanding national economy, it is necessary to observe objective economic laws, strike an overall balance, and rationalize major proportionate relationships in the national economy. In this speech he sets forth the task of reforming the system relating to planning, finance, materials, internal and external trade, and the system relating to enterprise management, and emphasizes the necessity of granting enterprises necessary independent status and authority for management so as to bring the initiative of enterprises into play. In addition, the speech systematically expounds the relationship between introduction of foreign technology and equipment and regeneration through our own efforts. He points out that we should be keen on importing technology and equipment but we should also be good at digesting and assimilating whatever is beneficial to us, creating something new. He says that we cannot purchase four modernizations. Those who think of buying everything and keeping buying to the end of the chapter, the way the sluggard does, will never accomplish the modernization of our country. Based on the experience of the last few years he tables nine principles that should be followed when importing technology and equipment. These principles still have practical significance.

"A Speech at the Central Working Conference" is an important speech made on behalf of the party Central Committee and the State Council on the policy of readjusting, reconstructing, consolidating, and improving the national economy. In light of the serious imbalance in the proportionate relationships in national economy caused by the age-long interference and disruption by Lin Biao and the "gang of four" and some mistakes committed in the economic matters following the downfall of the "gang of four," the speech clearly explains the necessity of readjusting the national economy and the primary task of, principles of, and measures for readjusting the economy. The speech also expounds the guiding

ideology for realizing the four modernizations and the problems with the reform of the system relating to economic management. On top of that, the speech points out that we should proceed from China's actual condition in realizing the modernization program, and embark on a path of realizing the modernization with Chinese characteristics under the socialist system. The speech concentrates on reforming the system relating to economic management, pointing out that the existing system management must undergo a gradual reform since it is fraught with malpractices. The speech also deals with: The principles and orientation of the reform regarding the relationship between regulation of the economy through the market and the guidance of state plans; giving greater autonomy to enterprises; defining terms of reference of the central and local authorities; and applying economic means to economy.

The three articles including **"A Speech at the National Conference on Planning,"** **"Some Views on Economic Readjustment Work,"** and **"Economic Development Should Be Arranged in a Practical Way"** are important articles dealing with economic readjustment [tiao zheng 6148 2419]. The author once again explains the important views that economic construction must proceed step by step, and act according to our capability so that we can avoid taking a roundabout course in our work. He points out that the people wish that construction will go on at a greater speed, but they all the more hope we stop taking a roundabout course. Because we not only suffer heavy losses but it also takes us several years to regain our strength when the economy goes up and down suddenly, going up drastically and then crashing down. At the same time he also defines the meaning of the "capability" in detail, namely, we should have simple reproduction ensured first before we go on with enlarged reproduction. This is an important lesson the party draws from the practice over many years in the past and we cannot afford to go against it.

"Farmland Capital Construction Must Not Be Slackened" explains the relations between agricultural modernization and farmland capital construction. The author points out, without farmland capital construction and the farmland that provides us with high and stable yields, China's agriculture will not come through well and we will not be able to accomplish the agricultural modernization. We must act on the objective laws, stress practical results, and persist in doing things in a scientific way, in line with local conditions, and to mutual benefits. We must guard against equalitarianism and indiscriminate transfer of resources. At present, we still have to rely on the peasants' accumulation of labor for farmland capital construction.

"The Reform and Open Policies Conform to China's Actual Conditions" is a collated collection of speeches made by the author to foreign guests in the first half of 1987. In the speeches, he sums up a number of vital experiences in instituting the reform and open policies and points out that our purpose is to build socialism with

Chinese characteristics. In achieving the purpose we should not copy indiscriminately the experience of foreign countries, nor should we act in accordance with outdated regulations. We must find through a bold probe a path by which we can build socialism in accordance with our actual conditions. Reform is the process by which the socialist system can perfect and develop itself while opening up to the outside world. It is designed to assimilate advanced science and technology from abroad and to make use of foreign funds. The author believes, the reform and open policies, in the final analysis, serve to step up China's socialist material and spiritual construction. Our reform and open policies have achieved great successes since the 3d Plenary Session of the 11th CPC Central Committee, and the people are in favor of them. Anything that enjoys people's support will not change and cannot be changed. It is necessary to properly handle the relations between planning and the market in instituting the reform and open policies. We develop commodity economy with the aim of developing socialist planned commodity economy, which is based on public ownership. We should allow those who work hard and are keen on working to become rich first, but our aim is to let everybody become well off rather than polarization. Ensuring that 1 billion people have enough to eat and wear remains our basic national policy. To introduce reform, it is necessary, on the whole, to delegate powers to lower levels, but we should not delegate every power. Instead, the state should keep a firm grip on some powers. It is necessary to prevent the capital construction, consumption, and prices from getting out of control. The policies of reform and opening up to the outside world cannot be separated from the four cardinal principles. The two are unifiable and they can and should develop in a coordinated way. It is necessary to adhere to self-reliance, be on the alert against corruption by bourgeois ideas, and do a good job in improving the general mood of society and maintaining social order. It is necessary to adhere to the leadership of the party and improve it so that it can suit the needs of the reform and open policies. It is also necessary to stick to the party's fine tradition. And so on.

The "Selected Works of Li Xiannian" is to play an important part in studying and summing up the historical experience of China's revolution and construction and in promoting the development of China's socialist modernization and reforms.

Taxation Organs Given Right to Exercise Law
HK2702091789 Beijing RENMIN RIBAO in Chinese
21 Feb 89 p 1

[Report by Wang Jingu (3769 6930 7711): "The State Council Explicitly Stipulates That Taxation Organs Have the Right to Exercise Law"]

[Text] Beijing, 20 Feb—A national meeting of taxation directors held here today revealed that to ensure taxation departments' independence in performing their duties, these departments will exercise vertical leadership over their subordinate organs.

State Taxation Bureau Chief Jin Xin said: As an economic lever and supervisory method for the state to exercise macrocontrol, taxation should be strengthened instead of weakened. The key to improving and rectifying taxation is to persist in tax collection according to law. For a long time taxation personnel have encountered obstacles from various circles when performing their public duties. An important reason is that they lack the necessary power to exercise taxation law. For this reason, the State Council has granted taxation departments the power to enforce taxation law, and demanded close cooperation from other departments. Exercising vertical leadership is an organizational measure ensuring tax collection.

So far 16 provinces and autonomous regions have exercised vertical leadership in terms of organizational formation, the size of establishment, cadres' management, and administrative expenditure. Jin Xin urged taxation departments below the provincial level that have not exercised vertical leadership to immediately do so and try to obtain support and cooperation from their local governments and the relevant departments in exercising their inspection and taxation powers. Apart from this, taxation departments at all levels should also do a good job in exercising honest and clean administration.

State Council Levies Regulatory Fund Tax
OW2702211289 Beijing XINHUA Domestic Service
in Chinese 1216 GMT 24 Feb 89

["Local Broadcast News Service"]

[Text] Beijing, Feb 24 (XINHUA)—In order to strengthen macrocontrol over the economy and pool some financial resources to create conditions for the smooth progress of reform and construction, the State Council has decided to levy a tax that will create a state budget regulatory fund.

"The Measures for Collecting a Tax for the State Budget Regulatory Fund" promulgated recently by the State Council require that all state-owned enterprises and institutions, governmental bodies, Army units, and local governments turn over to the state funds from their extra-budgetary resources. The tax will apply to the incomes of all collectively owned enterprises, private businesses, and self-employed industrial and commercial entities after the deduction of profits and payment of income tax.

The regulatory fund will account for 10 percent of all revenue in the fiscal year.

According to the "the measures," the items that are exempt from the levy include additional local agricultural (animal husbandry) tax, incidental expenses in middle and primary schools, income from work-study programs, funds for colleges and vocational schools, repair expenses in businesses, maintenance expenses in coal mines and oil fields, and tree-planting funds of

forestry departments. The exempt items also include those that already enjoy exemptions allowed by the State Council and the Ministry of Finance.

According to the regulations, governments at various levels will arrange for the introduction of the tax, and the taxation bureaus will be responsible for its collection.

The "measures" stipulate that the funds that come from central institutions will be submitted to the central treasury. Fifty percent of the amount raised from local institutions will go to the central treasury, the another 50 percent to local treasuries. The fund will be collected quarterly or monthly. The regulatory fund collected will be spent as state revenue under the overall state plan. The "measures" promulgated by the State Council point out that all localities, departments, and units must pay the regulatory fund tax in full within the prescribed dates. They are not allowed to practice fraud, pay less than the full amount, evade or refuse to pay, detain or divert it to other purposes. They are also not allowed to shift the burden by raising prices or fees on account of the tax for the regulatory fund. The violators will be punished in accordance with "Provisional Regulations of the State Council Concerning Punishments for Violations of Financial Laws and Regulations" and rules for implementing the regulations.

"The Measures for Collecting a Tax for the State Budget Regulatory Fund" became effective retroactively from 1 January, 1989.

NPC Standing Committee Appointments, Dismissals
HK2702102189 Beijing RENMIN RIBAO in Chinese
22 Feb 89 p 2

[XINHUA report: "Appointments and Dismissals by NPC Standing Committee"]

[Text] Beijing 21 Feb (XINHUA)—The following is a list of the NPC Standing Committee's appointments and dismissals adopted by the Sixth Session of the Seventh NPC Standing Committee held on 21 February 1989:

1. Peng Ruicong and [1756 3843 7500] Huang Kunyi [7806 2492 4135] are appointed advisors to the NPC's Education, Science, Culture, and Public Health Committee;

2. Yang Kedian [2799 0344 0140] is appointed deputy chief judge of the Second Criminal Division of the Supreme People's Court;

3. Fei Zongyi [6316 1350 4400] is dismissed from the office of deputy chief judge of the Economic Division of the Supreme People's Court; and

4. Xu Shou [5171 1145 7445] is dismissed from the office of member of the Procuratorial Committee of the Supreme People's Procuratorate.

Size of Hainan Delegation to NPC Session Given
HK2702083589 Beijing RENMIN RIBAO in Chinese
22 Feb 89 p 2

[XINHUA report: "NPC Standing Committee Decides That Hainan Provincial Delegation Attending the Seventh NPC Session Will Consist of 15 Persons"]

[Text] Beijing, 21 Feb (XINHUA)—The NPC Standing Committee decided on the size of the Hainan provincial delegation attending the 7th NPC session.

On 21 February 1989, the 6th meeting of the 7th NPC Standing Committee approved the following decision:

Before the establishment of Hainan island, the Guangdong provincial people's congress elected 13 deputies representing Hainan to attend the 7th NPC session. After the establishment of Hainan Province, they become deputies representing Hainan province to attend the Seventh NPC Session. The resolution on the number of deputies adopted by the NPC stipulates: "The number of deputies of a province or autonomous region with a very small population must not be less than 15." Apart from the 13 deputies mentioned above, 2 other deputies, who were originally elected by Guangdong Provincial People's Congress, will now be assigned to Hainan Province. The Hainan delegation attending the Seventh NPC Session will consist of 15 deputies.

The number of the Guangdong delegation attending the Seventh NPC Session will be reduced from 163 to 148.

Report on By-Election for People's Deputies
HK2702095589 Beijing RENMIN RIBAO in Chinese
22 Feb 89 p 2

[XINHUA report: "NPC Standing Committee Issues Notice on Vacancies for People's Deputies"]

[Text] Beijing, 21 Feb (XINHUA)—Notice of the NPC Standing Committee:

The number of deputies of the Seventh NPC should be 2,978. However, during the time when the fifth meeting of the Seventh NPC Standing Committee was held, the actual number was 2,962. By-elections will be held by relevant units for the 16 remaining people's deputies. Now Henan Province and Sichuan Province have respectively held a by-election for 1 and 3 people's deputies of the Seventh NPC. The NPC Standing Committee has approved the report on the qualifications of these deputies elected through the by-election submitted by the Examination Committee of the Qualifications of Deputies. It is thereby announced the validity of the qualifications of the following deputies of the Seventh NPC elected through the by-elections: Lin Xiao, Shideng Nima (Tibetan nationality), Wu Weixin, and Zhong Shuliang.

After the fifth meeting of the Seventh NPC, Bainqen Erdini Qoigyi Gyaincain, a people's deputy of the Seventh NPC elected by the Tibetan Autonomous Region, died. The existing number of the deputies of the Seventh NPC is 2,965, and 13 deputies are to be elected by the relevant units through by-elections.

[signed] The NPC Standing Committee

21 Feb 1989

Trade Federation Stresses Revision of Union Law
OW2502143889 Beijing XINHUA in English
1257 GMT 25 Feb 89

[Text] Beijing, February 25 (XINHUA)—The All-China Federation of Trade Unions (ACFTU) will try to complete the draft of a revised law on trade unions this year and submit it for discussion to the National People's Congress Standing Committee.

The ACFTU has listed revision of the law as an important task to complete this year, as China's first trade union law, formulated in the 1950s, is out of date.

The ACFTU, which has nearly 100 million members, will also try to help with the formulation of laws dealing with labor reorganization, minimum salaries and the regulation of disputes in state-owned enterprises.

According to the second ACFTU presidium meeting, which ended here today, the ACFTU will urge workers to take part in the current anti-corruption campaign and protect from retaliation those who expose the embezzlers and the givers and takers of bribes.

A spokesman for the ACFTU told XINHUA that the federation will consult the State Prosecutors' Office and the Tax Bureau and Auditing Agency about drawing up regulations to support workers who level accusations of corruption and to strengthen the trade unions' function of social supervision.

Ni Zhifu on Reform, Stability
OW2402183289 Beijing XINHUA in English
1430 GMT 23 Feb 89

[Text] Beijing, February 23 (XINHUA)—Trade unions should give firm support to workers' reasonable demands in labor disputes between enterprise managers and workers, China's top unionist said here today.

Speaking at a meeting on trade union reform which opened here today, president of the All-China Federation of Trade Unions (ACFTU) Ni Zhifu yet discouraged strikes, saying that strikes do not help resolve problems but can intensify the contradictions and make the problems more complicated.

The current economic reform has triggered various disputes between enterprise managers and workers which are affecting the stability of society, he noted.

Ni said the current situation impels trade unions to participate in coordinating social interests, legislation and formulation of important policies.

Also, he urged trade unions to safeguard workers' legal rights and interests, and encourage workers to take part in the anti-corruption campaign.

Referring to acts by some local governments and enterprise managers in violation of workers' legal rights and interests, Ni warned that such actions would serve to intensify the contradictions.

He asked local trade unions to do more to mediate in disputes and stand firmly at the workers' side urging governments to resolve workers' problems as soon as possible.

Reform of Enterprises' Political Work Viewed
HK2702111189 Beijing JINGJI GUANLI in Chinese
No 12, 1988 pp 41-44

[Article by Huang Xiaohui (7806 1420 5610), edited by Liu Qichang (0491 0366 2490): "Reforming the System of Ideological and Political Work in Enterprises"]

[Text] What sort of ideological and political work system should be established in enterprises in accord with the establishment of the new order of a socialist commodity economy and the building of socialist democratic politics is a question for which the deepening of enterprise reform requires answers and resolution.

"I. The Weak Points and Problems in the Current System of Ideological and Political Work in Enterprises

The ideological and political work system currently in force in our country's enterprises was formed after a long period of continuous political movements. Its prominent characteristics are: Power is centralized in the hands of the party committee and especially in the hands of the party secretary; political work organs form their own system, with their own center and operations and this is divorced from the realities of economic work and the enterprise; the grass roots do not have any decision-making power and the masses lack initiative. Following the development of the socialist commodity economy, as enterprises gradually become relatively independent economic entities, as the factory manager becomes the head of the whole factory and as there are changes in the role of the party organizations in enterprises, the weaknesses and problems of this system will become more apparent daily.

1. It is not in accord with the central tasks of the enterprise.

Enterprises are economic organizations and their central task is to strive to develop production and raise social and economic benefits. Since the 3d Plenary Session of the 11th CPC Central Committee, ideological and political work in enterprises has centered around production and operations and, at the same time playing a role in guaranteeing service, it has achieved new developments in the reform of its own guiding ideas, educational contents and in work methods. However, as no structural reforms have been implemented, the dual track situation where the political work system and production operations management system operate "in tandem" is still maintained and the strengths of the two sides cannot be channeled into production operations. Thus the problem of "two layers of skin" existing has not been properly resolved and this both affects economic work and obstructs the development of ideological and political work. Thus in accord with the situation where production is the central task of enterprises, and in response to the need to develop a socialist commodity economy, the reform of the existing ideological and political work system in enterprises has become an objective demand for the deepening of enterprises reform.

2. It is not in accord with a structure where the factory director occupies the central position.

In the current situation where the enterprise leadership system is being reformed and the factory director responsibility system is being instituted, if we do not reform the existing ideological and political work system in enterprises, if ideological and political work remains the responsibility of the enterprise party committee and if the factory director cannot lead ideological and political work and the organs which carry out this work, it will not be possible to guarantee the overall responsibility or the centralized, unified leadership of the factory director over the enterprise. This will have a bad influence on the work of enterprises.

3. It is not in accord with the change in the function of enterprise party organizations.

The function of party organizations in enterprises is different from the function of party organizations in administrative organs, in that they do not provide political guidance for the enterprises. Their function is to guarantee supervision and, through strengthening party building, to bring into play the function of party members as an exemplary vanguard, to do well in ideological and political work as well as in mass work, to support the overall responsibility of the factory director, to implement party and state policies and laws and to realize political leadership of the enterprise by the party. The major problem with the current system of ideological and political work in enterprises is that party and government functions are not separated and things which should fall under the responsibility of the factory director and which are linked closely with enterprise production operations are seen as political work and the party organizes guidance and arranges implementation. The

result is that party organizations have to concern themselves with the day-to-day tasks and this both affects the enthusiasm of the factory director and administrative cadres and obstructs party building. The party is thus unable to put major efforts into strengthening the ideological, organizational and work style construction of party organizations, to raise the fighting capacity of party organizations or to fully bring its guaranteeing and supervisory roles into play.

II. Establishing an Enterprises' Ideological and Political Work System Which is Full of Vitality and Vigor

The basic tasks of ideological and political work in enterprises are: the fostering of a contingent of staff and workers who have ideals, morals, culture and discipline; the realization of production and operational targets; and guaranteeing the sustained improvement of the interests of the state, enterprises and staff and workers. This ensures that ideological and political work is vital and vigorous work and that the ideological and political work system needs to be vigorous and full of life. In accordance with the experiments in some enterprises over the past few years, we need to establish an ideological and political work system which is full of vigor and life, and need mainly to resolve the following two problems:

1. By proceeding from the objective reality that enterprises are relatively independent economic entities and expanding the decisionmaking powers of enterprises in terms of ideological and political work, we need to handle correctly the relationship between the upper level political work organs and the enterprises.

As enterprises are relatively independent economic entities, and are commodity producers and operators which make their own operational decisions, are solely responsible for their own profits and losses and are self-restraining, then like having decisionmaking power in production operations, they should also have decision-making power in terms of ideological and political work.

In handling correctly the relationship between the upper level political work organs and enterprises, the most important thing is that the functions of each should be clearly established. The upper level political work organs should change from being primarily engaged in direct management to being engaged in indirect management, and should engage in service, guidance, coordination, supervision and control on the macrolevel. However, because of the differences in the nature, scale and history of enterprises and differences in the quality of their staff and workers and their production and operational situations, we cannot expect all enterprises to develop ideological and political work at a unified pace in accordance with one plan, with one form and at one time on the basis of unified arrangements by upper level political work organs. If this was demanded, it would suppress the enthusiasm and creativity of enterprises and produce serious subjectivism, dogmatism and formalism. As far

as enterprises are concerned, enterprises should, under the macroguidance of the upper level political work organs, proceed from their actual situations and take production operations as the center, formulate political and ideological work plans, set down the contents of ideological and political work, choose the form of ideological and political work, arrange the time for ideological and political work, set up ideological and political work organs and deploy ideological and political work personnel. If enterprises truly have decisionmaking power in terms of ideological and political work, it will be of benefit to combining the guidance of upper level political work organs with the enthusiasm and creativity of enterprises and to combining the unity of ideological and political work with the diversity and flexibility of specific implementation. This will allow ideological and political work to be carried out in a lively, effective and earnest way, will result in real results being achieved, will eliminate the problem of "two layers of skin" and will overcome formalism, bureaucratism and empty party jargon.

2. By proceeding from the position of the staff member and workers as the masters of enterprises, we need to fully motivate the enthusiasm, wisdom and creativity of the staff members and workers in doing ideological and political work and correctly handle the relationship between the enterprise and the staff and workers.

The essence and core of socialist democratic politics is that the people are masters. The vigor of ideological and political work in enterprises is determined by bringing into full play the enthusiasm, wisdom and creative spirit of the whole body of staff and workers. The concept of staff and workers includes both workers and cadres, includes both ordinary cadres and leading cadres, includes both political work cadres and administrative and technical cadres, and includes party members as well as nonparty members. They are distributed throughout the various workshops and departments of the enterprise, at various links and posts. Under the socialist system the staff and workers are the masters of an enterprise. They are masters not only of production operations work, but also masters of ideological and political work. They are not only the target of ideological and political work, but also the main force of ideological and political work. When every staff member and worker can in his own post and in his own vocational activities, feel concern for ideological and political work through his position as master, and use the attitude of master in participating in ideological and political work, then at that time ideological and political work will have a strong mass base and will be rich in vigor. Thereby it will be possible to create various effective forms and specific avenues, which accord with the demands of the new situation and which the masses are pleased with, by which to open up a new situation in ideological and political work.

The mass nature of ideological and political work is a fine tradition of our party's ideological and political work and is also an element in the building of socialist

democratic politics. Thus the focus of ideological and political work should be placed on motivating the enthusiasm of the masses, in truly respecting people, in being concerned for people, in training people and in protecting the overall interests of the people of the whole country. At the same time, the specific interests of the staff and workers should be safeguarded so that the staff and workers realize that ideological and political work is work to be done by the masses themselves and that each person should do ideological and political work.

III. Establishing the Leading Position of the Factory Director and Bringing Into Play the Backbone Role of Administrative Cadres

1. Ideological and political work being led by the factory director is a basic demand of modern enterprise management.

Ideological and political work is an important component part of modern enterprise management. In the various important factors of enterprise management, the management of people is the most important. Facts have proven that the quality of enterprise operations and the magnitude of the results are not only determined by the quality of the technology and equipment, the natural conditions and the social environment, but is also dependent upon the quality of laborers, that is, the degree to which the enthusiasm, motivation, creativity and labor abilities of the laborers are brought into play. In the management of people, not only does there need to be reliance on economic, administrative and legal measures. It is also necessary to conduct ideological and political work and ensure that this is combined organically with the economic, administrative and legal measures, and that they are used in a comprehensive and mutually suited way. The implementation of the factory director responsibility system determines that the factory director is in the central position in the enterprise, takes overall responsibility for production operations and ideological and political work, and will provide centralized, unified, highly effective guidance. Thus the combination of production operations and ideological work will be guaranteed on the structural level, the "two layers of skin" will be changed into "one chessboard", and there will be unified deployment, unified targets and unified actions, thereby guaranteeing the production operation tasks. Thus it is said that having the factory director guiding ideological and political work is an obvious requirement and a responsibility he should shoulder.

2. Having the factory director lead ideological and political work is an important measure to be grasped in the concurrent building of the two civilizations.

The central tasks of socialist enterprises are to develop production, improve economic results, provide material wealth and spiritual products to the society with the maximum efficiency and to accumulate funds for the state. At the same time, they must also improve the

ideological and moral qualities and scientific and cultural qualities of the staff and workers, and foster a contingent of staff and workers who have ideals, morals, culture and discipline. They must maintain concurrent stress on the building of socialist material civilization and on the building of spiritual civilization and have them develop at the same pace. These are the dual tasks of socialist enterprises and an important characteristic by which socialist enterprises differ from capitalist enterprises. Thus the factory director, as the head of an enterprise should, with a high sense of responsibility and strong devotion, while building a socialist material civilization, strengthen the building of socialist spiritual civilization. While exercising unified command over production operations work, he should strongly develop ideological and political work. In fact, if we desire the smooth implementation of the operational decisions of the factory director and the realization of the operational targets of the enterprise, purely relying on administrative orders and material incentives will not prove completely effective. There is a need to draw in vigorous and realistic ideological and political work and transform spiritual factors into material strengths. Thereby the staff and workers will correctly handle and adjust the various contradictions in production operations, unite in cooperation, put their hearts into their work and complete the production tasks in an earnest and down-to-earth way.

3. Having administrative cadres do ideological and political work has many advantages.

Their coverage is broad. In enterprises, administrative cadres are spread in every area, at every link and are at the front line of production, operations and management. This is of great advantage in doing ideological and political work among the masses.

Their power of permeation is strong. In production operation activities, administrative cadres are widely in touch with the actual situation and in touch with the masses. They have the most up-to-date and clear understanding of the effectiveness of work deployment, policy implementation and of the mental attitude of the masses. This is also beneficial to having ideological and political work permeate into business and work, will allow the speedy, direct and specific resolution of ideological problems and will stimulate the enthusiasm and creativity of the staff and workers.

The degree of transparency is high. Having administrative cadres have power in terms of personnel, finances, goods and materials and rewards and bonuses is a necessary condition for strengthening ideological and political work, and for ensuring that economic measures and administrative measures are organically combined and comprehensively employed. In this way, ideological problems will be resolved and practical problems will also be resolved. This method is characterized by a high degree of transparency and can achieve twice the results with half the effort.

To sum up, stipulating that the factory director will be the leader and having the administration be responsible for political work is a basic component in the establishment of a new system of ideological and political work in enterprises. In accordance with the principle of separation of party and administrative functions, the work of ideological education for the workers which was originally carried out by the party committee, as well as the organizational set-up formerly responsible, should be handed over to the factory director. The ideological and political work will then be conducted by the enterprise as a management function. In this way, "small-scale political work" will become "large-scale political work" and the contingent involved will grow. The "two layers of skin" will become "one chessboard", the work will be down-to-earth and the results will also be better.

IV. Enterprise Party Committees Must Change Their Concepts and Methods So as to Strengthen and Improve Ideological and Political Work

With the implementation of the new system of ideological work whereby the factory director provides leadership and the administration is responsible for political work, the enterprise party committees will face the problem of how to tackle ideological and political work. Also, they will face the tasks of renewal and change in the areas of concepts, contents, modes and methods.

1. If the factory director's leadership over ideological and political work is removed, it will weaken and eliminate ideological and political work, reduce the role of the party committee and will result in new misgivings about the party and administration not being separated and about the administration representing the party. Clearly setting down that the factory director leads ideological and political work is intended to strengthen and improve ideological and political work and strengthen and improve the party's leadership of enterprises. It does not mean a reduction in the role of the party organizations and even less does it mean the weakening of their responsibilities or that they will have nothing to do.

2. Most efforts will have to be put into strengthening the ideological and political education of party members and raising the quality of party members so that they can play a role as advanced models. Communist Party members must be educated to not only play a role as advanced models in the production operations sphere, but also to play such a role in ideological and political work. The basic requirements of Communist Party members is that they be good at doing ideological and political work and masses work, that they use the truth to enlighten the masses, that they use policies to motivate the masses, that they use their own actions to provide an influential example to the masses and that they lead the masses in consciously realizing the tasks set for the period of the factory director's tenure.

The party member leading cadres shoulder an even heavier burden in terms of doing well in ideological and political work for the staff and workers. Thus the enterprise party organs must, in accordance with relevant party systems of democratic life, regularly take time to understand the situation of the ideological and political work being carried out by the party member leading cadres, and exercise supervision over them from within the party so as to ensure that they pay attention to ideological and political work in exercising their authority, in formulating decisions, in organizing leadership and in other business activities.

3. The party organizations of enterprises should regularly arrange for party members, workshop (branch) branches and party groups to go deep among the staff and workers, to gain an understanding of the moods and needs of the masses and should at regular intervals analyze their enterprise's production operations situation and the ideological state of the staff and workers. Further, they should submit ideas, suggestions and plans on strengthening and improving ideological and political work to the factory director.

4. They will need to assist the factory director in running cadre training groups and arrange for administrative cadres to study some basic theories of and specialized knowledge relating to ideological and political work. They will also have to introduce to the cadres some of the experiences in combining ideological and political work with economic work, so as to raise their ideological and political work level. At the same time, in a timely way, it will be necessary for them to discover the advanced models in ideological and political work among the administrative cadres, help them to sum up their experiences, and propagate these among other cadres so that the fruits are gained more widely.

5. There is a need to establish an ideological and political work network which is complete in its aspects and which has diverse levels. The trade unions, CYL organizations, militias, women's federations and such mass organizations are a major strength in the efficient carrying out of ideological and political work. Thus on the basis of the spirit of "masses' business being handled by the masses themselves" the roles of these mass organizations should be fully brought into play and ideological and political work should be developed in an overall and multileveled way. The party organizations of enterprises should provide guidance to these groups, but should allow them freedom. Particular attention should be paid to avoiding overly tight control of matters and excessive interference.

6. Research into ideological and political work should be developed for staff and workers. The difficulties in ideological and political work should form the focus of ideological and political work research. Topics for research should be properly selected and investigative research carried out. Specialized research conferences as well as meetings for publicizing research results can be

arranged. Through these methods, research results of value will be created and these will provide a reference and constitute an intellectual resource for the factory director in strengthening and improving ideological and political work. The development of research into ideological and political work for staff and workers requires not only the participation of political work cadres but also the participation of administrative cadres, party and CYL members, activists and veteran cadres who have retired to the second or third line, so that such research has a wide ranging mass nature.

Zhao Ziyang, Qiao Shi Attend ACFTU Meeting
OW2702120889 Beijing Domestic Service in Mandarin
1030 GMT 25 Feb 89

[From the "National Hookup" program]

[Text] It has been learned from the 2d Presidium Meeting of the 11th All-China Federation of Trade Unions [ACFTU], which ended today, that the CPC Central Committee and State Council have decided to convene a national commendation meeting for model workers in Beijing on the eve of this year's National Day to commend a large number of advanced individuals and units that have emerged during the 10 years of reform and opening up.

The presidium meeting decided to designate 10 cities as pilot cities for exploring and summing up the experience of urban trade unions comprehensive reforms. The 10 cities are Dandong, Weifang, Changzhou, Hengyang, Zhuzhou, Anyang, Qingdao, Wuhan, Xian, Dalian and Chongqing. The ACFTU also decided to carry out, in cooperation with the various provinces, municipalities, and autonomous regions trial reforms at 1,000 grass-roots trade union organs in a planned manner and with definite objectives in mind.

During the meeting, Zhao Ziyang, secretary general of the CPC Central Committee; and Qiao Shi, member of the Standing Committee of the CPC Central Committee, earnestly listened to a report delivered by a responsible person of the ACFTU on trade union work since the 11th ACFTU Congress. They also gave important instructions.

Zhu Houze, first secretary of the Secretariat of the ACFTU, spoke. He urged trade union organs at all levels to bring into play in a still better way the workers' initiative to improve the economic environment, rectify the economic order, and intensify all-around reform, improve enterprises' economic efficiency, increase society's effective supply, and further develop and perfect rules and regulations concerning democratic participation and social supervision by trade unions. It is necessary to earnestly safeguard workers' legal rights and interests. Active efforts should be made to reform the trade unions with a view to enhancing the vitality of grass-roots trade union organs. We must close the ranks

of the vast number of workers and contribute to promoting economic development and stability and unity of society to greet the 40th anniversary of the PRC's founding.

Tian Jiyun Named Greening Committee Chairman
OW2502050189 Beijing RENMIN RIBAO in Chinese
20 Feb 89 p 1

[Text] Beijing, 19 Feb (XINHUA)—During recent reorganization, the State Council decided to retain the All-China Greening Committee. Due to the transfer of personnel during the reorganization, some changes were made in members of the All-China Greening Committee. Tian Jiyun, vice premier of the State Council, was appointed chairman.

The five vice chairmen are Gao Dezhan, Luo Gan, Zhao Nanqi, Lin Hanxiong, and Yong Wentao.

Speech on Tree Planting
OW2402072489 Beijing XINHUA Domestic Service
in Chinese 1443 GMT 21 Feb 89

["Local Broadcast News Service"]

[Text] Beijing, 21 Feb (XINHUA)—The following are excerpts of the speech delivered by Comrade Tian Jiyun at the Eighth Plenary (Enlarged) Session of the All-China Greening Committee on 19 February 1989:

1. The Situation of Afforestation and All-People Voluntary [yi wu 5030 0523] Tree Planting

On 13 December 1981, the fourth session of the Fifth National People's Congress adopted the "Resolution on Launching an All-People Voluntary Tree-Planting Campaign." In the last 7 years, the people of our country have done a great deal of effective and hard work in decorating the motherland's vast area with trees. In general, tremendous achievements have been made in afforestation and in tree and grass planting, and the situation is good. In the last 7 years, more than 7 billion trees have been planted under the all-people voluntary tree-planting campaign. The first stage of construction of the north, northeast, and northwest shelterbelts has been completed, and more than 90 million mu of land have been afforested during this stage. The second stage of construction is being stepped up. In our country, 223 counties have met the greening standards for plains; the areas in which grass was either sown or improved during the 7 years cover 160 million mu; and urban tree-planting has made rapid progress. During the 7 years, the total garden area in our country has doubled, reaching 280,000 hectares.

As I have just said, the afforestation situation and the all-people voluntary tree planting is good; however, I am not saying that there is no problem at all. We must soberly assess that the current situation of the all-people tree planting and afforestation still lags far behind the

demands set in the NPC resolution and the demands set by the party Central Committee and the State Council. First, a considerable number of comrades still do not fully understand the importance of greening the motherland. With a weak sense of the legal system and the greening campaign, they do not regard the legal, voluntary tree planting task as mandatory. In particular, leaders of some localities and organizations are not attaching sufficient importance to the greening work, and they have not put it on their daily agenda and have not taken effective measures. Second, the progress of the all-people voluntary tree-planting campaign is very uneven. In the country as a whole, both the participants in the campaign and the trees planted are far below the required numbers. Currently, approximately 1 billion trees are planted each year under the campaign, and the participants reach only about a third of the required number. Some urban and rural organizations have yet to launch a voluntary tree-planting campaign. Third, some localities lack overall, long-range afforestation and tree-planting plans. Over the years, when the tree-planting season arrives, they hastily plant some trees, but they have not accomplished much in the greening work. Fourth, the quality of tree planting and afforestation is poor because the work is not strictly checked before acceptance. Some localities do not apply science in tree planting and afforestation, and they pay no attention to care of the trees after planting. Despite the large greening area in their statistics, not many trees have survived. Such inefficient greening work has dampened the masses' enthusiasm. Fifth, some localities lack sufficient awareness of the protracted and arduous nature of the greening work; their determination and enthusiasm for greening work are not as great as several years ago; and the slack mood and fear of difficulty have prevented them from making progress in greening work. We should pay greater attention to these problems and promptly adopt measures to solve them as soon as possible.

2. Enhance Understanding, Strengthen Leadership, and Conscientiously Organize and Mobilize Work Well

To plant trees, build forests, and make the motherland greener is a great undertaking, as well as a basic national policy, for tackling problems concerning mountains and rivers, building a good ecological protective screen, promoting economic development, and benefiting future generations. Developed forestry is an indication of a country's wealth, people's prosperity, and society's civilization.

The fundamental way to accelerate forestry development and make our country greener is, on the one hand, to have leaders at all levels pay attention to the greening work and do it conscientiously and, on the other hand, to extensively mobilize the entire society to do the greening work. Neither the attention of the leaders nor the efforts of society can be dispensed with. Forestry and greening work have a strong social nature, and they concern all quarters and thousands upon thousands of families. The building, management, and protection of forests require

money, but what is required even more is a large input of labor. This fully demonstrates that in order to develop forestry and do good greening work, we must rely on local governments at various levels to organize the vast number of cadres and people to plunge themselves into the great undertaking. Forestry takes a long time to yield results, and not all people know the ecological benefits of forests. Therefore, forestry needs, even more so, the strengthened leadership and energetic support of the governments at all levels. Afforestation and tree planting greatly benefit the public and concern all departments, trades, and professions; they must be done by the whole society. We must plant more trees along railroads, highways, rivers, and canals, around lakes and reservoirs, and around barracks, industrial and mining districts, farms, ranches, and fish farms. All organizations should actively fulfill their tree planting tasks. The state, collectives, individuals, and all trades and professions should engage in afforestation and tree planting at the same time.

A very important way to strengthen leadership over afforestation and tree planting is to implement a responsibility system. All localities and departments should universally institute and improve the system under which the leading cadres are held responsible for the attainment of the greening targets during their tenures. In implementing the system, conscientious efforts should be made to "ensure five things:" To attain the planned greening targets; to sign responsibility contracts at all levels; to have the leaders do demonstrative greening work; to conduct regular inspections and appraisals; and to mete out rewards and punishment according to the appraisal results. The greening targets for leading cadres during their tenures should be established in a certain way, their performance should be regularly appraised, and rewards and punishment should be meted out fairly. We should particularly pay attention to making the greening targets specific and measurable in order to facilitate execution and appraisal. At the same time, we should pay attention to the continuity and stability of the responsibility system so that it will not be affected by leadership changes.

3. Tasks and Demands in the Coming Years

We must successfully carry out our work, particularly in the following areas, to ensure the fulfillment of the basic afforestation tasks in the coming years:

First, we must launch the voluntary tree-planting campaign in a deep-going way. Citizens of the right age shall each plant three to five trees a year. This is a statutory obligation. We must ensure its fulfillment according to the statutory provisions. There are about 700 million citizens of the proper age in our country. When each person plants three to five trees, we will be able to plant between 2.1 billion and 3.5 billion trees a year, covering

an area of 10 million to 17 million mu. Voluntary tree-planting quotas shall be assigned to each unit at every level in all localities and shall be fulfilled accordingly.

Second, we must make further efforts to green the land along railway lines, highways, and ditches, around lakes and reservoirs, and around factories, mines, and agricultural, livestock, and fish farms, and military barracks. We must carefully work out plans to green the barren hills, wasteland, and beaches, including those managed by enterprises and units of various industries and trades. We must ensure the accomplishment of these greening tasks stage by stage, area by area, and in accordance with the relevant regulations and requirements. Large enterprises using timber as raw materials, including coal and paper manufacturers, shall appropriate a certain amount of money as afforestation funds for use in setting up timber bases stage by stage and area by area.

Third, while promoting voluntary tree-planting and departmental afforestation, we must concentrate on the construction of quick-growing timber bases and the building of five major shelterbelts, and we must build fuel and economic forests in line with the local conditions to speed up forestry development.

Fourth, we must continue to ensure the in-depth development of urban greening. We must actively green the suburbs to fulfill the central task of building a large green environment. We must speed up the greening of coastal cities which are open to the outside world. We must also put on our agenda the greening of county towns and administrative towns. All units shall actively green their court yards, factory grounds, school yards, and residential areas to improve their working and living environments.

Fifth, we must work out grass-planting tasks in our greening drive, planting either trees, shrubs, or grass in line with the local conditions. We must grow grass and shrubs before we plant trees, particularly in deserts, completely or partly dried out land, and areas suffering from serious soil erosion. This will ensure better greening results.

To fulfill greening goals for the coming years, we have set a very difficult task for ourselves this year. Greening committees at all levels must strengthen their leadership, meticulously organize the greening efforts, and successfully carry out their tasks. In particular, they should pay attention to the following:

1. An overall plan for voluntary tree-planting and departmental afforestation must be drawn up. The plan shall specify what will be achieved by the years 1990, 1995, and 2000. This is vital to the continuous and sound development of the voluntary tree-planting campaign and the greening drive. It is also a precondition to the implementation of a system under which leading cadres are held responsible for the attainment of their greening

goals during their tenure. Local voluntary tree-planting plans must be organically incorporated in the overall greening plan and become an integral part. Each locality, department, and unit shall draw up its own voluntary tree-planting plan in light of the number of eligible persons it has. It shall assign land, distribute saplings, and adopt other support measures to ensure the fulfillment of the tree-planting task. The development of a tree-planting plan and the implementation of that plan are important measures to be used by the All-China Greening Committee to evaluate the greening work of various localities and departments and to assess the performance of the local greening office.

2. The law must be strictly observed in developing forestry. While it is important to mobilize the people to launch an all-people voluntary tree-planting campaign, it is more important to develop forestry in accordance with the law. Each locality and each department shall seriously implement the NPC resolution, the State Council decrees, and the relevant greening rules and regulations and work out supporting measures in line with its specific conditions. Greening tasks should be handed down to the lower levels in accordance with the relevant provisions. Specific measures should be taken to ensure that the task of planting three to five trees a person is fulfilled by each individual, village, and unit. Appropriate economic penalties for units and individuals failing to fulfill their tree-planting obligations shall be established in accordance with the level of economic development in the area. In short, we must have rules, and we must resolutely enforce the rules.

3. More attention should be paid to science and technology, and efforts should be made to strengthen management and improve forest quality. Inferior quality, mismanagement, and low survival rates are the most acute problems affecting the work of afforestation in some areas today. Measures must be taken to change this state of affairs. We plant trees for the purpose of seeking practical results, not for the sake of filing reports to superiors and making them look good. We must perform concrete work and refrain from engaging in formalism. We should establish a system under which progress made in afforestation is verified and truthfully reported to superiors, and we should strictly enforce this system.

4. Serious efforts should be made to carry out the "three preventions" work in forestry: Prevent forest fires, plant diseases, and wanton felling of trees. To develop forestry, it is necessary to implement the policy of speeding up cultivation, strengthening protection, and using the trees in a rational way. In other words, we must speed up forestry development by vigorously planting and cultivating trees and at the same time strictly control the use of forest resources. We must not allow people to down trees in excess of quotas. We must strictly protect trees in forest zones and green areas of cities. We must not allow their destruction and their use for other purposes under any circumstances. We must seriously investigate and handle those who wantonly destroy trees and illegally use

forest zones and green areas in disregard of relevant regulations. We must stop these actions without delay. Forest fires, plant diseases, and wanton felling are the "three major scourges" of forestry today. In some areas, these problems are very serious. All localities must make serious efforts to carry out the "three preventions" work. We must implement the policy of relying mainly on prevention, establish a "three preventions" management structure, and improve precautionary measures. We must establish, in accordance with State Council regulations, a fire prevention structure and implement a system under which the leadership at various levels will assume full responsibility for fire prevention. We must be able to "rely primarily on prevention but to vigorously fight fires when they occur." We must take effective measures to control plant diseases. We must strengthen disease quarantine and prevention and adopt comprehensive measures to protect forest resources. Local governments and departments concerned at all levels must strictly enforce the law and discipline to stop wanton felling of trees and unauthorized hunting. We must strengthen management and eliminate the causes to prevent the outbreak of problems. When problems occur, we must take immediate action to find out the causes and correct them.

5. Propaganda and education work should be strengthened. Propaganda is an important link in pushing forward the development of forestry and the expansion of green areas. Each locality and department should seriously carry out this work. We must create strong public opinion and make every household and individual know about the importance of greening. We must further enhance the awareness of all citizens; increase their consciousness and initiative to participate in the voluntary tree-planting campaign; and establish a social mood among the vast numbers of cadres and masses that everyone is duty bound to green the motherland, that it is glorious to participate in the voluntary tree-planting campaign, and that it is not shameful to fulfill their obligation.

Since the start of the all-people voluntary tree-planting campaign, large numbers of advanced units, activists, and models have distinguished themselves in the great struggle waged by hundreds of millions of people to transform nature. Each department and unit should commend and award people who successfully carry out the greening task and publicize their deeds. The All-China Greening Committee will set up "National Greening Medals" and present them on Tree-Planting Day to individuals who make outstanding contributions to the nation's greening work. This will encourage and mobilize the people and promote the in-depth development of the mass campaign of greening the motherland.

Broadcasting Minister Addresses Hunan Meeting
HK2802034889 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 27 Feb 89

[Excerpts] The new development principle for radio and television in Hunan for a time to come is to persist in reform, consolidate and enhance the achievements,

strengthen management, and make steady progress. It is necessary to place the emphasis on resolving the problems of the peasants, especially in the mountain areas, in radio and television reception. This was learned by our reporter from the 13th Hunan Radio and Television Work Conference, which concluded on 27 February.

The State Ministry of Radio, Cinema, and Television attached great importance to this meeting. Minister Ai Zhisheng, who conducted an inspection in the province last April and May, made a special trip from Beijing on 25 February to attend the meeting. He listened to some of the speeches and held forums with leaders in charge of broadcasting in the prefectures and cities.

Ai Zhisheng and Xiong Qingquan, Liu Zheng, Wan Da, Jiang Jinliu, (Xia Zanzhong), and Shen Ruiting, leaders of the party, government, and army in the province, attended the closing session. Ai Zhisheng and Xiong Qingquan made important speeches.

Minister Ai repeatedly stressed that radio and television must serve the rural areas. What the peasants need now is not gilding the lily but timely help.

Provincial Party Committee Secretary Xiong Qingquan said that the party committees and government at all levels must pay great attention to and make use of radio and television as modern propaganda media which covers wide areas, relays news speedily, and arouses strong interest, to stimulate our work and publicize the masses' creations and experiences. [passage omitted] The party committees and government should fully support radio and television and set aside some of the limited funds for developing this undertaking. [passage omitted]

Minister Ai Zhisheng first analyzed developments in radio and broadcasting in China in recent years. He said: Our radio and television has developed rapidly. In particular, television has grown fast. Radio and television have become an indispensable part of our daily life. However, we must also realize that the task of helping the peasants to receive radio and television well is extremely arduous. Radio and television cover only about 1/3 of the rural areas, yet the peasants living in the rural areas account for over 70 percent of the country's population. Only about 1/3 of the peasants can receive radio and television. In particular, people in old revolutionary bases, minority nationality areas, and remote and poor regions find it even more difficult to receive radio and television. Unless we summon up resolve to devote more efforts to the rural areas, the gap between town and countryside will continue to widen. Hence, we cannot just enthusiastically engage in setting up more stations, programs, and channels; instead we must devote greater efforts to bringing radio and television to more peasant homes.

Ai Zhisheng pointed out that for radio and television to focus more attention on serving the rural areas and to step construction will take longer than 1 or 2 days, or 1 or

2 years; it is essential to view the issue realistically and persevere until a foundation is established. In mountainous areas where the terrain is complex and the population scattered, we must do a good job in planning and stress quality instead of blindly pursuing quantity. We must do a sound job in improving programming and coverage in order to allow the peasants to receive good radio and television.

Agriculture plays a decisive role in Hunan. It is a correct orientation for radio and television at the provincial, prefectural, and county levels in Hunan to focus on the rural areas.

On the question of radio and television propaganda, Ai Zhisheng pointed out that 1989 is a year when the task of radio and television propaganda is very heavy. We must promote education for the cadres and masses and do a good job in the propaganda work for the 40th anniversary of the PRC founding. Radio and television should play a greater role in building socialist spiritual civilization and guiding and encouraging the people to work in concert to promote reforms and construction and uphold the situation of stability and unity. Radio and television should report more on workers, peasants and intellectuals who have made contributions; they should be allowed to make television and radio appearances.

Ai Zhisheng said in conclusion: The success or failure of radio and television depends on the building of the work force. We must persevere in building our own work force, enhance everyone's mentality of serving the people wholeheartedly, advocate the spirit of dedication, avoid unhealthy trends, and contribute to invigorating China's radio and television.

Military

Qualified Recruits Sought for PLA

OW2702203789 Beijing RENMIN RIBAO in Chinese
20 Feb 89 p 5

[Article by Luo Tongsong (5012 0681 2646): "Qualified Young Men Are Needed To Defend The Country"]

[Text] In recent years, local authorities nationwide have been recruiting outstanding youths for the Armed Services. Generally speaking, the quality of soldiers in the Chinese People's Liberation Army has been improving every year. However, a minority of localities have been acting dumb and have conscripted unqualified youths, creating many problems for the services.

The "standard of education" is often found to be "exaggerated". In one infantry regiment, 433 of the recruits it received in 1988 stated in their draft records that they had completed senior high school education. With the help of a local senior high school, a test was then conducted for these recruits. Only 4 percent passed, while 37 percent scored zero. The equipment used by ground-to-air missile units is complicated and involves

high technology. When the higher authority dispatched 80 "senior high school graduates" to one of these battalions, its leaders tested them, using only a junior high school standard, and only 7 managed to scrape through. As a result the battalion had to spend additional time educating these recruits to the required standard. When leaders in one artillery company sent a new soldier claiming to be a senior high school graduate to the instructors platoon, it was discovered that he could not even calculate "15 plus 8." An army without education is a stupid army. In today's rapid development of military science and technologies, be it in the Air Force, the Navy, the missile units, the signal corps, or the infantry, highly educated fighters are needed to handle the weapons and to accomplish their missions. This reporter asked an illiterate soldier: "Since you know you cannot read, why did you put 'senior high school graduate' on the draft form?" He replied casually: "Everyone in my county fills it out this way, and we fill in what we like; since I cannot write, my father asked my cousin to fill it in for me."

Political quality is a matter still worthy of attention. One unit received 150 recruits last year. After investigation, most of them were found to have committed offenses like fighting, gambling, theft, and hooliganism. Fourteen of them had been detained by the public security organs before. One was wanted for murder, one had escaped from prison, while another headed a criminal gang. In one regiment, half of the 40 recruits who had assumed evil ways were CYL members. Many of them joined the CYL in a hurry when they were drafted. In one infantry battalion, of the 28 recruits who were CYL members, 25 joined the CYL between September and October 1987 when they were being drafted. Some of these CYL members filled out application forms, received CYL branch recommendation and approval by the higher CYL committee all in the same day.

The deaf and sick have also joined the services. One recruit in a certain unit often fell down when he walked at night. After medical examination, it was discovered that the vision of his left eye was 0.6 and his right eye was 0.2. When the new soldiers in one company went to the firing range to watch artillery fire, most of them covered their ears during the first two shells because of the noise. However, one recruit remained indifferent because he could not hear properly. In conversation, he could hear only a word or two when others shouted closely to his ears. Schizophrenics and epileptics are not uncommon in the services. In one division, 200 of the 723 new soldiers were shorter than 1.6 meters.

There are other strange cases. A recruit in one unit had just reached 18 but was already the father of a 3-year-old son. Two months after he joined his unit, he tearfully reported to his superiors that his girlfriend had written to him, wanting to end their relationship. He then sought their approval to allow him to raise his child in the unit. In one battalion, 7 new soldiers around the age of 18 who had joined the services last year, have all become fathers.

However, they have yet to receive their marriage certificates. One recruit wrote to his battalion commander that "he joined only to be a soldier and not to fight in a war" because he is the only son and is afraid of "breaking the family line."

There are some reasons why the quality of recruits from some localities are poor. First of all, government leaders and comrades of conscription organs in these localities have held rather hazy views on national defense, and failed to understand that a soldier is an important part of military combat strength. They contended that, in time of peace, it would not matter much if the quality of soldiers is slightly poor. Second, reward and punishment for conscription work is not strictly implemented. Responsible persons of units who sent unqualified conscripts have not been dealt with accordingly. Third, there is the influence of unhealthy tendencies. According to investigation, most of the unqualified recruits sent by one city managed to join the services because of personal connections. When the conscription order for this year was sent, some people had tried to put their delinquent offspring into the services.

The military has the duty to fulfill the wish of local youths who want to become soldiers and to help them grow up healthy. However, the quality of soldiers, especially the physical, educational, and political aspects, are formed before they join up. After a fairly short period of training, they are required to take up specific combat posts and shoulder specific combat missions. Dealing with guns, they are expected to engage in deadly fighting with invading enemies at any moment and to fulfill their combat mission bestowed by the motherland and people. Therefore, placing even one unqualified youth in the services is an act of irresponsibility. The conscription work for this year will begin soon. Senior commanders of the services are urging every relevant department in society to place the interest of the state and people above everything, and to send recruits who are virtuous, intelligent, and healthy.

PLA Ideological, Political Work Viewed
HK2802040889 Beijing JIEFANGJUN BAO
in Chinese 14 Feb 89 p 3

[Article by Zhou Qiyue (0719 0366 1878): "Scientifically Set the Objectives for Ideological and Political Work"]

[Text] Whether or not the objectives of our ideological and political work are correct has a direct bearing on the results of the work. At present, while setting the objectives for ideological and political work our PLA units face the following three problems: 1) People's understanding of the problem is not unified. Some people maintain the objective is to enhance the fighters' political consciousness; some say the objective is to train new people in "four haves"; others stress that the objective is to realize the four modernizations. These views are reasonable but share a common defect of disconnecting the work on people with the accomplishment of our key

tasks. This can adversely affect the overall effects of our ideological and political work. 2) The short-term behavior (duan qi xing wen 4252 2601 5887 3634) in ideological and political work is that some cadres only pay attention to accomplishing their immediate task and only hope that nothing serious will happen during their term of office. They one-sidedly stress material incentives but ignore ideological education. 3) Some cadres only pay attention to the results of ideological and political work itself without considering the central task, carrying out the work for its own sake. To them, ideological and political work and the central tasks are "two, completely different matters."

What should be the objectives of the Army's ideological and political work in the present stage? We believe that the objectives of ideological and political work should be determined by the party's general task and the nature and characteristics of our Army. We have no independent task in Army political work except the party's general task and Army modernization. However, all these tasks are not directly accomplished by ideological and political work. Ideological and political work assists completion of the tasks through fully arousing the enthusiasm and initiative of the masses. In particular, under the conditions of developing commodity economy, people's concepts on handling matters independently and on equality have been developed. In the course of accomplishing their tasks the extent to which people can play their independent role will directly determine whether the tasks can be effectively accomplished. Therefore, integrating the accomplishment of party and Army tasks with the training of qualified servicemen should be the objective of the Army's political work. This is also guidance thinking which should be observed by our Army's ideological and political work. In other words increasing the quality of our officers and men and enhancing the combat effectiveness of our troops should be the starting point and the end result in our ideological and political work. We should not only consider the needs of accomplishing the task but also the reasonable self-development of officers and men. In other words, while striving for the realization of the four modernizations we should serve officers and men wholeheartedly. This idea of mainly considering officers and men by serving the realization of the four modernizations, serving the officers and men, and simultaneously enhancing the combat effectiveness and quality of our officers and men, is a matter of practical significance in increasing the rallying power and attractiveness of our ideological and political work.

To truly ensure attainment of ideological and political objectives they can further be divided into direct objectives and those to be reached by stages.

The direct objectives are those which through ideological and political work fully arouse the enthusiasm of cadres and soldiers so that they contribute to the modernization of national defense. The direct objectives have three

characteristics: 1) Main efforts are devoted to accomplishing the tasks of the units concerned; 2) emphasis is placed on solving ideological problems of cadres and soldiers; and 3) the achievements of the work of cadres and soldiers are linked with various kinds of encouragement and reward. In so doing we will be able to turn general objectives into those of the units and individuals. This will be helpful to giving play to the role of individuals who are masters of their own affairs and their spirit of creativity with an aim to closely linking ideological and political work with vocational work, and overcoming the defect of treating ideological and political work and the key tasks of the party and Army as "two completely different matters."

Objectives to be reached in stages means that during the initial stage of socialism we should link the accomplishment of the party's general task with training new people with "four haves." This objective conforms with the demand of enhancing combat effectiveness and realizing modernization of our troops. It is the source of enthusiasm and initiative in our cadres and soldiers and in accord with the Army's long-term task.

Direct objectives and objectives to be reached in stages are interrelated and cannot be separated from one another. The attainment of these objectives is a process of continuous action. In the present stage the emphasis of our political work should be placed on direct objectives. Education aimed at training new people in the "four haves" should run through the entire process of attaining the direct objectives. Through constantly accumulating experience and gradually deepening the reform we will be able to promote the attainment of the objectives to be reached in stages.

Economic & Agricultural

Jan Prices Up 26 Percent Compared With '88
OW2802112789 Beijing XINHUA in English
1035 GMT 28 Feb 89

[Text] Beijing, February 28 (XINHUA)—China's price index in January this year went up by 26 percent compared with January last year, a government official said here today.

Zhang Zhongji, spokesman for the State Statistical Bureau, said the price rise in January was due to the inertia of the price rises in the second half of last year.

But, he added, the price index was up only one percent compared with the price rise last December, far lower than the growth rate in the second half of last year.

Zhang made the remarks when responding to a reporter at a press conference here this afternoon.

The price rise in January was caused mainly by the price rises in books, magazines and newspapers. The rising rate was about 80 percent on the whole, he added.

Zhang said the government has pledged an evident decrease in prices this year than last year, but it was a hard job.

"However," he said, "I believe the price index may drop this year compared with last year."

When asked how much currency was issued last year, he said, "China planned to issue 40 billion yuan (rmb) [renminbi] last year, but it was said that the figure was far more than planned. The People's Bank of China will announce the actual figure."

He disclosed that greater efforts were needed to realize the plan to issue less currency this year than last year," he said.

Spokesman Says GNP Up 11.2 Percent in 1988
OW2802084189 Beijing XINHUA in English
0728 GMT 28 Feb 89

[Text] Beijing, February 28 (XINHUA)—Despite inflation, China scored an increase of 11.2 percent in the national gross product (GNP) in 1988 over the previous year, a government official announced here today.

Zhang Zhongji, a spokesman for the State Statistical Bureau, told a press conference here this afternoon that the GNP rose to 1,385.3 billion yuan last year.

The national income came to 1,153.3 billion yuan in 1988, 11.4 percent more than the previous year, he added.

According to the just published communique on the statistics of 1988 economic and social development, the total industrial output value reached 1,810 billion yuan and the total agricultural output value came to 561.8 billion yuan, up 20.7 percent and 3.2 percent respectively.

The spokesman called 1988 "a year in which the national economy was unusually active yet unstable and a year of delight mixed with worries."

He said China faced many difficulties last year. The major problems were overheated economic development and social supply falling increasingly short of the demand.

The spokesman analysed three outstanding contradictions:

—Industry grew too fast while agriculture developed at a slow speed. The growth ratio between industry and agriculture was 6.7 to 1, far exceeding the normal 3 to 1 ratio;

—Rural and processing industries developed too fast while energy and raw materials industries expanded slowly. Coal supply, which was alleviated in the past few years, became strained again;

—The growth of the economy far exceeded that of transport facilities. Railways operated over capacity.

Zhang Zhongji held that the overheated economy in 1988 was similar to the situation in the last quarter of 1984 through 1985. "They are the problems arising from drastic growth of the productive forces, and difficulties in the course of development and advance.

However, he noted, there were four features in the overheated economy in 1988:

—The overheated economy in 1988 turned up with stagnation in the production of grain, cotton and oil-bearing crops whereas the problem four years ago emerged on the basis of good harvests or several years running;

—There was not much increase in financial revenue in 1988 although prices soared. Enterprises signed contracts with the state for profits and tax responsibilities and they retained most incomes from increased production and price rise. The state revenue last year is estimated to rise by less than 10 percent, and there might be a negative growth if the price hike factor was taken into account. But in 1985, the state revenue grew by 24.2 percent.

—Price hike was serious along with the inflation in 1988 whereas four years ago the market was stable;

—The macro-control capacity was getting weak in the course of changing old and new economic structures.

Hence, the spokesman said, the problems in 1988 were more complicated and difficult than four years ago. "The overheated economy in 1988 was also a continuation and development of the overheated economy four years ago.

To solve these problems, he suggested that the government should make big efforts in readjusting the industrial structure and enterprise composition to boost commodity supply. Stern measures must be taken against profiteering and abuse of power for personal gain, and keep prices down, he added.

Spokesman Says 3 Million Jobless in China
OW2802112289 Beijing XINHUA in English
1055 GMT 28 Feb 89

[Text] Beijing, February 28 (XINHUA)—About three million people were jobless in China by the end of 1988 with the unemployment rate being 2.1 percent, a government official said here today.

Zhang Zhongji, spokesman for the State Statistical Bureau, said, "I believe that the unemployment rate this year will not top three percent as predicted by the State Council spokesman Yuan Mu."

Although China suspended the construction of more than 14,400 projects, he added, the number of construction workers has not been cut.

However, some of the farmer-workers have to return to their fields, he said.

According to the bureau, 3.61 million unemployed in urban areas were given jobs last year.

By the end of last year, the number of workers and staff totalled 135.73 million, 3.59 million more than at the end of 1987.

By the end of last year, the number of contracted workers in state-owned enterprises came to 9.92 million, 2.57 million more than at the end of 1987.

The number of self-employed laborers in town rose to 6.33 million by the end of last year, 640,000 people more than at the end of 1987.

\$3 Billion 1988 Trade Deficit Reported
OW2802080489 Beijing XINHUA in English
0630 GMT 28 Feb 89

[Text] Beijing, February 28 (XINHUA)—China's imports and exports last year totalled 102.79 billion U.S. dollars with a trade deficit of 3.09 billion U.S. dollars, China's Customs announced here today.

A spokesman for the Customs said China's exports stood at 47.54 billion U.S. dollars last year, up 20.6 percent, while imports jumped by 27.9 percent to reach 55.25 billion U.S. dollars.

Hong Kong remains the largest trade partner of China, with a trade volume of 30.2 billion U.S. dollars last year, the spokesman said.

Japan is the second largest trade partner of China, with the trade volume reaching 18.9 billion U.S. dollars; the United States comes third. The trade volume between China and the United States totalled 10 billion U.S. dollars.

In 1988 the nation's non-trade foreign exchange income was 6.61 billion U.S. dollars, 22 percent more than in the previous year; expenditure, at 2.7 billion U.S. dollars, was up 31.8 percent.

According to the Customs, more foreign capital was used. In 1988, China used 9.84 billion U.S. dollars, 16.4 percent more than in 1987, including 2.62 billion U.S. dollars directly invested by foreign businessmen, up 13.1 percent.

Last year saw an increase of 97 percent in industrial output by Sino-foreign joint ventures, cooperative undertakings and enterprises with sole foreign investment.

China also made headway in contracts for overseas projects and labor services. The contracts signed last year were worth 1.83 billion U.S. dollars, a 10.6 percent rise over 1987.

However, the business volume amounted to 1.2 billion U.S. dollars, a slight decrease compared with the previous year.

The tourist industry made distinct progress. In 1988, the country received 31.69 million tourists and visitors from 168 countries and regions, 17.8 percent more than in 1987.

Foreign exchange earned through tourism reached 2.22 billion U.S. dollars, up 19.2 percent.

1988 Fixed Assets Investments 431.4 Billion Yuan
OW2802084289 Beijing XINHUA in English
0637 GMT 28 Feb 89

[Text] Beijing, February 28 (XINHUA)—China last year invested 431.4 billion yuan in fixed assets, up 67.3 billion yuan or 18.5 percent from the previous year, according to a communique on the year's economic and social development released by the State Statistics Bureau here today.

The investment in fixed assets mainly goes to capital construction and technological transformation of enterprises.

But the communique notes that the overall scale of investment in projects under construction was still too great. It was about 1,300 billion yuan, up 12 percent from 1987.

However, more than 14,400 projects of capital construction were cancelled or postponed by the end of last year, thus leading to an investment cutback of 44.2 billion yuan in the next few years.

Newly added production capacities in capital construction projects in the year include: 9.99 million kw of power generating capacity; 30.9 million tons of coal, 15.77 million tons of crude oil, 600,000 tons of ethylene, 2.46 million tons of cement, and 8.78 million tons of port cargo handling capacity.

State enterprises last year put 95.5 billion yuan in technological transformation, a 25.8 percent increase over that of the previous year. The fund was used to expand production capacity, increase the variety of products, improve product quality and to reduce energy consumption.

The communique says that last year's geological surveys made progress. About 281 major mineral bases were discovered; more reserves of 55 kinds of minerals were verified, including 9.3 billion tons of coal and 760 million tons of iron ore and gold reserves increased too.

State Establishes First Group of Futures Markets

HK2802094389 Beijing JINGJI CANKAO in Chinese
13 Feb 89 p 2

[Report by Wan Zheng (8001 1767): "The State Decides To Set Up the First Group of Futures Markets"]

[Text] After a year's investigation and study in the country, a survey team jointly formed by the Economic, Technological, and Social Development Research Center of the State Council, the State Structural Reform Commission, and the Ministry of Commerce decided to establish the first group of futures markets in Jilin, Sichuan, Henan, and Wuhan.

Liao Yingmin who is responsible for this work related that the first group of products for trading on these markets will include corn, wheat, cotton, silk, ramie, rabbits' wool, live pigs, and steel.

A futures market is where standardized business transactions are carried out or transferable long-term commercial contracts are signed. In this market the buyer can buy a certain amount and type of commodities for future acceptance at the price on the day the transaction is concluded, and the seller can sell for future delivery. More and more varieties of commodities in the world are sold to this futures market because it can retain the value of commodities and forecast and affect future prices. About 20 percent of the transactions of world trade are concluded through futures markets. But this has not been done in China since the founding of the PRC.

In the course of economic structural reform over the last few years, China has relaxed its control over prices and introduced a double track system for the prices of some commodities. Because reform measures are still imperfect, the prices of agricultural and sideline products keep fluctuating and the supply of these products are unstable. In addition, the prices of urban commodities keep rising, so the government has no alternative but to increase its financial subsidies. To change this situation, the State Council has proposed the idea of setting up futures markets in the country.

As Liao Yingmin said, China will get the following advantages from setting up futures markets at an early date:

The prices of agricultural and sideline products will be stabilized and producers will be provided with accurate information on the market situation in the future in order to work out rational production plans. Because the production period of agricultural and sideline products is long, arrangements for the acreage to be cultivated or

the number of livestock to be raised for the coming year cannot be made according to the prices of the relevant products on the market, otherwise this would cause ups and downs in the prices and supply of agricultural and sideline products and put agricultural production and market supply in a passive situation.

The establishment of futures markets will play an important role in rectifying the economic order. There are now many unstandardized commercial rules and regulations in the circulation field. To a certain extent they are affecting the formation of a normal economic order. But a futures market has a full set of strict and standardized management methods to govern all business transactions so that they will proceed openly and fairly. This characteristic will enable China to further improve its market organization, rules, and regulations.

A futures market also has the function of "retaining the value of commodities," which protects the interests of commodity producers and dealers.

State Council Decision on Protection of Resources

OW2502091089 Beijing XINHUA Domestic Service
in Chinese 1227 GMT 21 Feb 89

["Local Broadcast News Service"]

[Text] Beijing, 21 Feb (XINHUA)—Users and administrators of natural resources must also share responsibility for protecting these resources. On the basis of this principle, the State Council recently decided that the various ministries under its administration should cooperate with one another and share in the work of protecting the 10 major environmental and natural resources. These major resources include mineral products, land, grassland, forests, living things, wild animals and plants, water, the ocean, the climate, and scenic resources.

The State Council assignments to ensure the protection of environmental and natural resources are as follows: The Ministry of Geology and Mineral Resources is responsible for the protection of mineral resources; the State Land Administration Bureau is responsible for the protection of land resources; the Ministry of Agriculture is responsible for the protection of grassland and living things; the Ministry of Forestry is responsible for the protection of forest resources; the Ministry of Forestry and the Ministry of Agriculture are jointly responsible for the protection of wild animals and plants; the Ministry of Water Resources is responsible for the protection of water resources; the State Oceanography Bureau is responsible for the protection of oceanic resources; the State Meteorological Administration is responsible for the protection of climatic resources; the Ministry of Construction is responsible for the protection of scenic resources; and the State Environmental Protection Administration, the Ministry of Energy Resources, and others are to coordinate with one another to protect environmental resources.

Economists Preview Economic Situation in 1989
OW2802075689 Beijing International Service in Mandarin
0900 GMT 21 Feb 89

[By reporter Qiao Shi]

[Text] Dear listeners, in the past 10 years of reform and opening up to the outside world, China has seen huge changes in its economy, and economic achievements have been very noticeable. However, many problems have cropped up such as inflation, and soaring prices. It was reported that in 1987 20 percent of households in China saw their living standards decline as a result of price hikes. The guiding policy of cleaning up the economic environment, improving economic order, and comprehensively intensifying reform, put forward by the CPC Central Committee at the 3rd Plenary Session of the 13th CPC Central Committee in 1988, is leading China's economy in a healthy direction. But, where will China's economy be heading in 1989? Lately, two Chinese economic authorities Tong Dalin and (Li Yining) stated their opinions.

Tong Dalin, a noted economist and advisor to the State Commission for Restructuring the Economy, said: In 1989, China's economic reform will encompass three fundamental tasks; i.e., clean up the economic environment, improve economic order, and comprehensively intensify reform. The former two tasks are essential to ensure that reform can be stepped up in a comprehensive manner.

Tong Dalin noted: "Comprehensive" implies integral supporting measures. What are they? Well, I think, first of all, we need to tackle five issues, that is, prices, wages, tax rates, interest rates, and exchange rates. They are the five major hurdles we must overcome in the course of our economic reform, and the issue of commodity prices is the most crucial of them. But, tackling the problem of commodity prices alone is not enough, we must also solve other problems connected to it. Currently, I am very anxious to have the issue of the vegetable basket solved. The vegetable basket is a daily necessity. People eat to live, and they need both staple and nonstaple food. If our Government cannot provide its people enough to eat, their confidence in it may falter and the stability of society will be undermined. It takes an enormous amount of food to feed a population of 1 billion and, therefore, it should be treated as a strategic issue. If 1/3 of the large, medium, and small cities in China could take care of their own vegetable baskets, reform would then be able to proceed smoothly under better circumstances.

On the prospects for China's reform, Tong Dalin said: Reform is an inevitable development in China and the people want reform, too. Experience shows that China's choice is the best and, so far, the advantages have outweighed the disadvantages. The socialist economy

does not necessarily have to be plagued with shortages, nor does it wince in the face of difficulties. In short, I am an optimist and full of confidence regarding China's reform.

Now, let us see what the other economist (Li Yining) has to say. (Li Yining) currently is a professor at Beijing University.

He said: China's economic situation in 1989 depends on the following two factors. First, the cleanup of the economic environment. If it proceeds smoothly and has good results, then there is hope that the economy will stabilize. Second, the squeeze of demands compete with intensifying reform, resulting in more supplies. Should we make the combined effort, then there is also hope that the economy will stabilize. Neither should be overemphasized at the expense of the other. Should we take the former measure and disregard the latter, or vice versa, the economy would not be able to stabilize. Why? This is because the unstable economic situation China experienced in 1988 was not only the result of outrageous price hikes stemming from a sharp imbalance between demand and supply, but also had something to do with the chaotic economic order and irregular economic behavior. Therefore, if we want to stabilize the economy in 1989, we first have to clean up the economic environment; then we have to close the gap between supply and demand. If we can take care of both, China's economy will be on its way to stabilization.

(Li Yining) said: The answer to whether China's economy will stabilize in 1989 lies in how far its enterprise reform goes. I believe the success of China's economic reform hinges on the results of ownership reform. We must replace traditional public ownership, which allows the integration of government administration with that of the enterprise, and which imposes neither [words indistinct] nor budgetary restraints on enterprises, with a new type of public ownership, where enterprises become independent legal persons and thereby can operate independently and be responsible for their own profit and loss. Otherwise, we can hardly see any results from our efforts to promote and stabilize our economy, nor can we put the chaotic economic situation back in order. This is the most precious lesson we have learned from the unstable economic situation of 1988.

Dear listeners, what you just heard was a report on the opinions of two Chinese economists Tong Dalin and (Li Yining) about China's economic situation in 1989. This is Qiao Shi.

Six More Oil-Bearing Zones Discovered
OW2602014189 Beijing XINHUA in English
1438 GMT 25 Feb 89

[Text] Beijing, February 25 (XINHUA)—China has found six more large oil-bearing zones with an estimated total reserve of 14 billion bbl [barrels] of crude oil, the "ECONOMIC DAILY" reported today.

They are located in the eastern part of the Junggar Basin in the Xinjiang Uygur Autonomous Region, the Xilin Gol Grassland in the Inner Mongolia Autonomous Region, Qinghai Province, Chaluhe Prefecture in north-east China's Jilin Province, Kongdian near Tianjin and in the eastern part of Hebei Province, respectively.

Meanwhile, geologists have also found oil reserves in the Tarim Basin in Xinjiang as thick as 155.6 meters.

An exploratory well sunk in the northern part of the basin last September produces an average of 11,000 cubic meters (cu m) of natural gas and 5,100 bbl of oil per day.

In addition, the country has also developed 12 oil and gas bearing belts around the existing oilfields such as the Daqing, Shengli, Liaohe, Xinjiang and Dagang fields. They have combined estimated reserves of 14 billion bbl of oil, said the paper.

New gas fields have also been found in southwest China's Sichuan Province, Xinjiang's Junggar Basin and near the Daqing Oilfield.

Experts predict that China has a total oil reserve of 5.5 trillion bbl of oil and 33 trillion cu m of natural gas.

So far, only 16 percent of the oil reserves and 2.6 percent of the natural gas reserves have been exploited.

Personal Income Tax Collection Measures Approved
OW2702090189 Beijing XINHUA Domestic Service
in Chinese 1346 GMT 23 Feb 89

["Local Broadcast News Service"]

[Text] Beijing, 23 Feb (XINHUA)—According to the information provided by the State Administration of Taxation, revenue from personal income taxes in China, since its introduction in 1987, has increased more than 100 percent each year. In 1987, the revenue was 31.33 million yuan. In 1988, it was 114.64 million yuan, an increase of 266 percent over the previous year. Another 14.46 million yuan was levied in January this year, an 120 percent increase over the same period of last year.

In order to strengthen the administration of collecting personal income taxes, the State Administration of Taxation decided to adopt the following measures in the near future:

First, we must further investigate and control the source of taxes and improve cooperation between departments. We must implement the system of withholding taxes in an all-around way.

Second, we must proceed from the actual results and carry out pilot work of reporting personal income taxes.

Third, we must assign collection quotas and inspect the work and publish the result periodically.

Fourth, we must publicize the laws and regulations governing taxation in an all-out fashion and publicize the names of those who voluntarily file tax reports and those who deliberately avoid paying taxes.

Economic Development in Autonomous Regions Noted
OW2502120989 Beijing Domestic Service
in Mandarin 1600 GMT 19 Feb 89

[Text] According to a station report, China's minority nationality regions witnessed new developments in their economic construction in 1988. Preliminary statistics indicate that the total product of society in five autonomous regions—Inner Mongolia, Xinjiang, Guangxi, Ningxia, and Tibet—reached 130.54 billion yuan. When cost of living rises are factored in, the real increase in the total product of society for 1988 in these regions stands at 10.8 percent as compared with the 1987 figure. The national income for the five autonomous regions in 1988 reached 60.48 billion yuan. When price increases are taken into account, the real national income in these regions rose 8.8 percent over the 1987 figure. The total output value in agriculture and industry in 1988 in these autonomous regions was 11.5 percent higher than that in 1987.

National Transportation Network Planned
OW2802000989 Beijing XINHUA in English
1438 GMT 27 Feb 89

[Text] Beijing, February 27 (OANA-XINHUA)—In the next 30 to 50 years, China plans to build a comprehensive transportation network which will include major highways, waterways and foreign trade ports, said Minister of Communications Qian Yongchang here today.

Speaking to a national conference on transportation, the minister said that this is aimed at basically improving China's strained transportation facilities and promoting economic development.

According to the plan, China will construct 12 major expressways and top-class highways totalling 25,000 kilometers (km). "These highways and expressways will help link all the major cities, industrial centers, communication hubs and foreign trade ports," Qian said.

Meanwhile, a series of measures are being taken to promote the offshore transportation capacity in south-east China's economically-developed areas, Qian said, adding that China will also improve and make better use of waterways, including the Yangtze, Pearl and Heilongjiang Rivers, and the Grand Canal.

According to the minister, China will build more ports in keeping with its fast-growing foreign trade.

By the year 2020 or so, he said, China will have 2,000 berths, including 1,200 deepwater berths.

Meanwhile, he said, during this period China will further develop its existing 18 major ports—Dalian, Yongkou, Qinhuangdao, Tianjin, Yantai, Qingdao, Shijiu, Lianyungang, Shanghai, Ningbo, Wenzhou, Fuzhou, Xiamen, Shantou, Guangzhou, Zhanjiang, Fangcheng and Hainan.

Four deepwater international transfer ports will also be built—Dayaowan in Dalian, Beilun in Ningbo, Meizhouwan in Fujian Province and Dapengwan in the Shenzhen Special Economic Zone, Qian revealed.

Xiao Yongding Comments on Light Industry
OW2702180289 Beijing BAN YUE TAN in Chinese
No 2, 25 Jan 89 pp 8-10

[Interview with Xiao Yongding, vice minister of light industry, by Yang Like (2799 3810 4430): "Make A Bigger Cake—Vice Minister Xiao Yongding of Light Industry on Light Industrial Market"]

[Text] In readjusting this year's economy, we must greatly reduce the speed in developing industry as compared with last year. One of the fields in which we must cut back is the processing industry. Many people are worried about the following question: Under this situation, will the amount of light industrial products be cut back? It is understood that we need to cut back, but in what field? Can we ensure the production of paper, soap, matches, sugar, and other light industrial products that the people badly need? With these questions in mind, our reporter visited Vice Minister of Light Industry Xiao Yongding.

Reporter: The situation in light industry in 1988 has a great impact on the supply of light industrial products for this year. What was the actual situation in the production of light industrial products in 1988?

Xiao: We are satisfied with the situation in general. The total output value of light industrial products (including tobacco) in 1988 was expected to reach 215 billion yuan, marking an increase of about 16 percent over the 1987 figure. Among the major light industrial products, the rate of growth of the readily marketable products is relatively higher. At the end November 1988, 6.65 million refrigerators were manufactured, an increase of 87.9 percent over that produced in the same period in 1987. The number of refrigerators produced in 1988 is expected to reach 7.4 million. The number of electric fans produced in 1988 reached 44 million, the amount of beer produced reached 6.5 million tons, the number of canned goods reached 1.9 million, the amount of salt produced in 1988 is expected to reach 21 million tons, actually exceeding the 1987 figure by 4 million tons—a record year in salt production in history. The amount of plastic sheets for farming produced in 1988 reached 470,000 tons, marking an increase of 70 percent over the

1987 figure. In addition, the rate of growth in the production of clocks and watches, pencils, toothpaste, monosodium glutamate, table tennis balls, pianos, accordions, electric rice cookers, and vacuum cleaners is also fairly rapid.

The strong purchasing power of the social groups has also stimulated the production of light industrial products. The production of some of light industrial products originally sluggish in sales such as the original three major light industrial products and washing machines also rose.

Reporter: Since the beginning of last year, several waves of panic buying hit the market. The targets of such panic buying were light industrial products, and such products were once in great shortage. What is the current situation?

Xiao: Factories in the production of light industrial products can satisfy about 80 percent of the market. Due to the strong demand on the market and the sharp contradiction between supply and demand, the amount of light industrial products produced lags far behind the demand on the market. Therefore, the waves of panic buying on the market affected the market of light industrial products most. Daily necessities such as paper, sugar, salt, soap, and matches were affected in varying degrees. This has reflected the feelings of the people about price increases and their eagerness to buy things to guarantee the value of their money. Since late 1988, the Ministry of Light Industry and the relevant departments have adopted a number of measures to put more light industrial products on the market to help keep prices down and stabilize the market.

In an effort to meet the requirements of the light industrial market, the leading comrades of the party Central Committee and the State Council had issued an important circular during the last quarter in 1988 to increase the supply of light industrial products to the market. In order to make this circular a success, they had adopted measures to increase investments, provide the light industry with more raw materials and electric power and improve transportation facilities.

Recently the State Planning Commission has also readjusted the order for the development of various industries in working out the industrial policy for the nation. It has listed the light industry as the key industry just next to agriculture. That means, light industry has been upgraded from number nine to number two on the list of priority in the nation's industrial development.

Reporter: This makes me recall a metaphor: If a cake is not enough, we might as well make a larger cake rather than asking everyone to eat less. It looks like that the key still lies in increasing the effective supplies.

Xiao: The national meeting of the directors of light industrial departments and bureaus which just concluded defined this year's main tasks for the development of light industry: to improve the economic environment, readjust the product mix, implement the "Program for the Development of Light Industry," and increase the effective supply of light industrial products.

In order to ensure the successful implementation of these tasks, the Ministry of Light Industry will implement special policies for key industries, and readjust the industrial pattern. The "special policies" are ones aimed at making full use of the limited materials and financial resources to support the production of products that are badly needed on the market and by the people, turning out fewer products in excessive supply, bringing into full play the essential factors of production, and increasing the effective supply of essential light industrial products. That is to say that the best steel must be used as the blade of the knife. We must ensure the production of some light industrial products, while cutting back the production of some others. We must continue to produce certain products while stopping the production of some other products in order to cut back the production of products in excessive supply, while producing more products in great demand. We must implement the policy of supporting, restricting, and prohibiting the production of certain light industrial products.

Reporter: Which products will the Ministry of Light Industry support production of, and which will it restrict and prohibit?

Xiao: We must support the production of the following five categories of products as follows: 1) Efforts must be made to increase the production of the basic daily necessities of the rural and urban people and of those light industrial products in great demand such as paper, sugar, salt, porcelain ware, soap, aluminum ware, plastic sheets for farming, matches and detergents. 2) Efforts must be made to give full support to the production of light industrial raw materials such as pulp, sugar bearing products, salt, and so on. 3) Efforts must be made to vigorously turn out light industrial consumer goods that will help recall part of the currency issued such as cigarettes, wine, refrigerators, bicycles, and pianos of famous brands. 4) Efforts must be made to increase export oriented light industrial products with little impact on the domestic market. 5) Efforts must be made to develop those light industrial products and technologies with high additional values as well as products that require special technical know how.

Products that are placed on the restriction list are: 1) Products in excessive supply such as electric fans, ordinary washing machines, ordinary mechanical gauges, and so on. 2) Products of which the ability of processing such products exceeds the supply of raw materials such as certain types of plastic products. 3) Products that consume a great deal of energy, waste a great deal of grain crops, or need a large amount of foreign exchange

such as air conditioners, electric heaters, electric coolers, and inferior liquor. 4) Products that do not cater to the needs of the consumers in China such as easy-open canned food and so on.

Products, the production of which are prohibited, include those that fail to meet the state or professional standards or conform with the state rules and regulations, particularly those products which will seriously impair the health and undermine the interests of the consumers such as food and beverage in violation of the Food Hygiene Law.

Reporter: Some of the light industrial products are supported, while others are either restricted or prohibited. What will be the expected rate of growth for this year's light industry?

Xiao: The rate of growth for this year's industrial development is 8 percent. Preliminarily, we set our growth rate at 10 percent for our light industry this year, while we expect a 15 to 18 percent growth rate for our export oriented products this year.

Reporter: If our light industry can be developed with such a tempo and fairly good achievements can be made in ensuring the effective supply of light industrial products, it looks like our people can basically feel at ease.

Article Views Dealing With Inflation

HK2702003189 Beijing JINGJI YANJIU in Chinese
No 12, 20 Dec 88 pp 9, 38-42

[Article by Dai Yuan Chen (2071 0954 2525) of the Economics Institute, Chinese Academy of Social Sciences: "On the New Inflationary Inertial Motion Caused by the Policy of Dealing With Inflation"]

[Text] At present, the Chinese Government is facing inflation, and it has been implementing a series of remedies. These measures include: Giving a certain amount of wage compensation, increasing the interest rate, controlling price increases, giving financial subsidies, and so on. These measures are to remedy the damages brought by inflation, and to relink the relationship between the government, enterprises, peasants, and staff and workers, which has been interrupted by inflation.

However, these measures of dealing with inflation are not equal to the task of improving the situation of inflation and that of checking inflation. Although these measures can bring remedies to the dangers of inflation, and will do something to rectify the declining purchase power of money, they will bring about an inertial motion of inflation, and will push the general price level, which is increasing in a spiral manner, to a new and higher level.

I. Putting Forward the Issue of Providing Wage Compensation; and Mutual Spiral Influence Between Wage and Price

Inflation is a general convert form of tax revenue. Intensification of inflation will of course lower the real living standard of some staff and workers. According to typical surveys, in 1987, the real living standard of 21 percent of Chinese urban inhabitants and households, who are within the survey scope, had decreased. In the first half of 1988, this percentage increased to 36 percent. Due to further increases in the inflation rate in the second half of 1988, it is estimated that this percentage will increase to about 50 percent. Therefore, how to give compensation to staff and workers, who have been affected by inflation, has become an important policy matter of the Chinese Government.

Socialist countries, developing countries, or capitalist countries have adopted, in different degrees, the policy of providing wage compensation to staff and workers when prices increase. The nature of the policy of providing compensation, whether providing full compensation or partial compensation, is to index or to partially index wages; that is, to rectify the purchasing power of the wage of staff and workers.

Theoretical circles in China and abroad have different viewpoints on the policy of providing wage compensation or indexing wages. The conclusion of this writer in 1983, after studying the linkage of wages with prices in the course of price reform, was that the linkage of price with wage will not bring a mutual spiral increase in prices and wages. However, nowadays and in 1988, this writer holds the view that under inflationary conditions, the linkage of prices with wages will bring mutual spiral influences on each other, and it will form an inertial motion of inflation. Two different conclusions have been reached by this writer. However, it does not mean that this writer has changed his viewpoints. These two conclusions were reached under two different sets of conditions. Speaking on the common nature of price and wage, a wage is a component of commodity price. On fundamental terms, the price of a commodity is decided by the value of a commodity, and wage is decided by the proportion between the quantity of essential labor and surplus labor in the value of the commodity, for example, the struggle between wage and profit. This proportion will not raise or lower the magnitude of the value of a commodity. However, even when the value of a commodity, and the proportion among c [commodity], v [value], and m [money] remain unchanged, the price of the commodity, which is the monetary expression of the value of the commodity, will have a tendency toward increase when the monetary expression of its component parts increase. In this way, the policy of providing wage compensation, under the situation of a price increase, will possibly raise the cost of wages and the prices of commodities. Speaking on the differences between the nature of price and wages, although the linkage of a wage with the price in the course of price structural reform will

induce the commodity price to increase, the increase in commodity price, which will be brought about by structural price reform, will occur only once, and a distorted price will stabilize on a new foundation after readjustment. (Footnote 1) (According to the estimations of several programs, the price system, the method of increasing the distorted price of agricultural products, mineral products, transportation, and so on, which have been set too low, and the method of changing the dual-track system, which has been adopted in setting the price of the means of production, into a single-track system, will increase the general price level by approximately 50 percent to 70 percent. If full wage compensation is given to staff and workers, the increase in the cost of the wage will amount to about 10 percent of the commodity price, and commodity price will thus be induced to further increase by 5 percent to 7 percent. At this time, even when wage compensation is given to staff and workers again, this type of compensation can only influence the general price level by less than 1 percent, and it is possible that this compensation would be absorbed and digested by enterprises.) At this time, the mutual driving force of the policy of linking price with wages will be a limited one and it will be stabilized after one cycle. During inflation, an increase in commodity price is a sustained phenomenon. If wage compensation is given to staff and workers, the cost of wages will thus be increased in a circulating manner. Consequently, sustained inertial motion of a commodity price increase will result, and the consequences will be completely different.

At present, the wages of staff and workers of some enterprises in China are linked to the economic returns of the enterprises. When commodity prices increase, enterprises will get more profit as the price of their products will also increase, and the wages and bonuses of their staff and workers will also increase. At this time, if price compensation is given to staff and workers, a situation whereby double compensation or excessive compensation is given will thus result, and the speed of the cycle of spiral increase in the wage and commodity price will also be accelerated. Apart from this, due to differences in the distribution system, distribution methods, and distribution policy among different areas, departments, and economic sectors, the income gap between different inhabitants and the gap in the income growth rate between them will be enlarged. As a result, after the emergence of sustained inflation, the real income of a considerable percentage of the people has decreased, and retired personnel, departmental cadres, teachers, scientific and research personnel, and so on will not have adequate wage compensation. On the other hand, a situation will exist whereby there is an excessive compensation and income increase, and the income level of areas that have adopted special policies are benefited by favorable treatments of departments and industries that have adopted special distributive methods. There could exist economic sectors that are not constrained by national wage policy and are very much higher than the average level, and the increase in income would be very

much higher than that of their labor productivity. Under such circumstances, areas, departments, and enterprises that have a low income level are thus induced to earnestly compare themselves with others. In addition to these various types of compensation that are granted on a voluntary basis to catch up with price increases, a situation has emerged whereby there is a spiral increase in the wage and commodity price that is caused by an excessive growth in wages. We should adequately understand the situation whereby inadequate compensation coexists with excessive compensation.

In view of the general situation, over the past several years, the increase in China's general wage level has exceeded the growth of its national income, and the increase in average wages has exceeded the rate of increase in labor productivity. Under this situation, an increase in labor productivity has been a minor factor in lowering cost, an increase in wages has been a major factor in increasing cost, and an increase in the cost of wages has raised commodity prices. In view of the practice of China and other countries, it is not easy to control this tendency. Thus, a situation of an increase in commodity price, which is brought about by a wage increase, will emerge. However, on the other hand, due to an increase in the commodity price, the real living standard of some staff and workers will fall, and in this case compensation has to be given to them. Therefore, a "big Bermuda triangle" will result: The increase in wage exceeds the increase in labor productivity—the living standard of some staff and workers will fall as commodity prices increase—wage compensation has to be formed and given.

Here, we have to pay attention to the fact that the wage-push inertial inflation in China is being expressed through the mechanism of the system of contracted enterprises management responsibility and the mechanism of the system of contracted financial responsibility of local areas. The core of the question does not lie on the contracted responsibility system itself but on the situation whereby there is no competitive market pressure and no risk-balancing mechanism, which will guarantee equal power and responsibility. Under such a situation, all enterprises will have the internal impulse to increase prices, and the unsound market mechanism will thus provide conditions for commodity prices to increase in a spiral manner. China, in fact, has two policy options. One of them is to control the increase in wages and bonuses, and the other one is to relax, by various degree, the control on a wage increase and that on granting bonuses. The latter option may, within a short period of time, satisfy people's excessive expectations of benefits. However, it will lead to a spiral increase in the wage and commodity price, and will possibly become the major force in accelerating the inertial increase in commodity price.

II. The Buffer of Saving Against Inflation, and Regulating Saving Through the Interest Rate

The phenomenon of excessive money supply, which is caused by the expansion of aggregate demand, already

existed in China. Under the situation of excessive money supply, saving is an important means of withdrawing money from circulation, and is also a buffer against inflation. Since 1980, the savings of rural and urban inhabitants have increased rapidly. Therefore, although there exists the phenomenon of excessive national income distribution, the tendency of increasing demand of consumption foods and the tendency of consumption expansion have been weakened by the high savings interest rate. Consequently, the seriousness of inflation has been alleviated.

The rapid increase in saving has brought changes to the sources of fund accumulation and China's fund-accumulation mechanism. The source of investment has been changed from relying on the financial income of government to diversified channels of funds; and indirect syndicated funds contributed by savings deposits of individuals have amounted to one-third of the funds accumulated through various sources. However, under the situation that the issue of whether to encourage or to constrain individual investment has not been solved, and the issuing of shares and bonds, and other undertakings of gathering directly syndicated funds, have just started and have been conducted on an experimental basis, the channels for property investment are limited. According to random surveys, the primary motive for people to save money is: To save money for the expenditure on the marriage of their children, for buying and installing durable consumption foods, for retirement, and for bringing up children. This motive is a reserve motive for postponing consumption. The property motive for undertaking investment is still weak. Under these circumstances, China has the characteristic that at the same time saving increases rapidly, there is instability in saving. Over the past several years, China's high saving rate and its high currency absorbing rate have been carrying strong characteristics of an economic transformation period. It is difficult to simply use traditional theories or popular monetary theories to explain the situation clearly. It requires Chinese economists to grasp the characteristics and to study them seriously.

However, we can affirm that inflation—an increase in the general price level—is a symbol of aggregate demand expansion, and is also a result of excessive supply of circulating money. The key to the questions—To what extent will an increase in the money supply induce an increase in the general price level; whether the phenomena of increasing savings and a decrease in the velocity of the circulation of money will emerge or not, and how much amount of excessive supply of money will be absorbed—lies in the government's capability to maintain price stability. "When the commodity price is basically stable, the velocity of money circulation can be reduced so that the circulation of more money can be enabled.... When the price level has become unstable, precipitated [chen dian 3089 3244] money will circulate again, and the velocity of money circulation will change from a decelerating one into an accelerating one. Moreover, a trend of rush buying will be aroused in the

market, and a strong force, which will influence commodity prices, will thus be created." (Footnote 2) (For details, see this writer's article, "Understanding the Law of Money Circulation, and Regulating Money Circulation," published in JINGJI YANJIU No 3, 1985.)

Savings deposits are another form of precipitation [chen dian 3089 3244] of banknotes. That is a form of money precipitation that generates interest. It should be said that over the past several years, the rapid increase in savings deposits are related to the relationship that savings deposits generate interest, and to the gradual increase in the increase rate. However, in 1987, the retail price index of consumption goods has increased by 7.3 percent, while the annual interest rate of savings deposits at the time was only 7.2 percent. The nominal interest rate was lower than the inflation rate. Since the negative interest rate was only 0.1 percent, rural and urban inhabitants could still bear it. However, when the inflation rate reaches double-digits, and when the negative interest rate becomes a higher one, a trend whereby inhabitants withdraw their deposits from banks to buy commodities before the price increases emerges. At this time, negative increases in savings will occur, and even when there is an increase in savings, it will to a large extent be compelled saving, which is a result of an unavailability of choices in consumption goods. This clearly explains that the emergence of the negative interest rate will weaken the role of savings in absorbing the shock of inflation, it will bring harmful results, and will worsen the situation of an excessive money supply and price increases. Therefore, during inflation, to maintain a positive real savings deposit interest rate is an important means of stabilizing savings deposits and in promoting the normal operation of society and the economy.

In view of the amount of money in circulation, an increase in the interest rate can increase the amount of savings deposits absorbed by banks, and can reduce the amount of loans issued. In this way, the amount of money in circulation can be reduced, inflation can be alleviated, and an excessive rapid increase in commodity prices can be checked. Because the interest rate can only be readjusted to a level higher than the inflation rate, which already exists, and the inertial motion of inflation will always be expressed in the form of a continuous increase in the inflation rate, delays in the readjustment of the interest rate will thus bring about the consequence that negative interest will often become a regular phenomenon of inflation. When compared with last year, China's commodity price in August 1988 had increased 27 percent, and starting from 1 September 1988, the annual time deposit interest rate has only increased from 7.2 percent to 8.64 percent. There was still a difference of 18 percent between them. This type of delay in the readjustment of the interest rate has given play to the role of the unstable nature of saving, and has thus brought about a decline in saving money. The value-preserving saving program, which was urgently launched after the decline in saving, has stabilized saving. However, under this program, the amount of money, which is

intended to be given to depositors as a means of preserving the value of their deposit, will only be given to savings deposits that will be put in banks for a period of 3 years, and interest will only be given to savings that will be deposited in banks for a period of 5 to 8 years. Under these circumstances and due to a delay in calculating indexes and an under estimation of indexes, this value-preserving savings program will in practice still bring about a negative interest rate. Therefore, at present, even though savings has increased, the stability of savings deposits has greatly decreased.

To readjust the interest rate will not be an easy task. To stabilize savings deposits and protect the interests of depositors, the interest rate should be increased in a continuous way. However, for debtors, an increase in the interest rate will increase the cost and expenditure of enterprises. Therefore, the suggestion of adjusting the interest rate to a higher level has been opposed by local areas, enterprises, and factions that have real authoritative power. They are not willing to give up the extra benefits that will be brought to debtors by inflation. In China, the interest rate for loans has not been readjusted to a higher level in accordance with the launched value-preserving saving program. As a result, the proportion between the loan interest rate and deposit interest rate has become an unbalanced one, and banks have to bear the difference. In fact, this has reduced the amount of balanced income, which is to be handed over to the state by banks. Consequently, the amount of financial deficits has been enlarged, and the deficits have thus become a latent pressure on the next round of inflation.

Even if the loan interest rate can be increased, the increase of enterprises' expenditure on interest will possibly become a factor in influencing enterprises to increase the selling price of their products. At this time, if excessive money supply cannot be decreased, a situation will emerge whereby interest rates and the inflation rate will increase endlessly and will attempt to catch up with each other, and a vicious circle will be formed.

In short, there are several policy options for tackling interest rates. The first option is to keep the interest rate at a level lower than that of the inflation rate. This policy will induce a withdrawal of savings from banks. The second option is to increase the interest rate so as to enable it to catch up with the inflation rate. In this way, a spiral increase in both rates will result. The third option is to take the viewpoint that it is essential to keep a positive interest rate, to increase the interest rate so as to enable it to catch up with the inflation rate is not the best policy, and it is better to achieve a positive interest rate by lowering the inflation rate.

III. Administrative Control of Commodity Prices; Price Stability Can Stop Excessively Rapid Increases in Commodity Price, but Brings Spiral Price Increase

In undeveloped countries where their market economy has not been developed, administrative means will often be adopted to control commodity price when inflation

emerges. The purpose of adopting administrative means is to stop excessively-rapid increases in commodity prices. However, the commodity price cannot be controlled in a comprehensive way, and it is inevitable that a situation whereby some parts are under control while some are not, or a situation whereby some parts have become vigorous while some have become inactive, will emerge. Therefore, the phenomenon of distorted prices will emerge. If the commodity price in areas that have become inactive is set too low then this low price level hurts the enthusiasm of producers and a higher purchasing price has to be set. Under this situation, a reverse proportion between the purchasing and selling price of the commodity will be brought about. Consequently, the practice of rationing supply and a price subsidy system have to be adopted. Hence, a price subsidy does not emerge and grow by itself, but it is the twin brother of administrative price control.

In countries that have a developed market economy, administrative price control will only be adopted under special circumstances: A controlled economy adopted in war time. In a peaceful period, all economists in general will not agree to implement any method of control. It is because the increase in price, which is caused by an excessive money supply, cannot be stopped by any method of control, and controls will disrupt normal market and economic activities, and will also lead to a decline in returns. Traditional economic theories of socialist countries, however, hold an affirmative view on the policy of implementing administrative price controls, and the measure of giving a price subsidy, which is derived from this policy; and consider that on a macro-economic basis, this policy will benefit the overall situation, and it is also an important policy of the state in influencing and regulating the operation of the economy.

As proved by the experience of China—before August 1988—there was much discussion on price reform and the policy of relaxing price control. However, the measures that have been gradually implemented since September 1988 are measures that control the price of various commodities. This reverse has not come suddenly, but is a natural reflection of the theoretical thinking and work habit that have been adopted over a long period of time.

In implementing price reform, which is mainly focused on relaxing price controls, a certain number of relaxed and flexible conditions, which are advantageous to market development, are required. It is impossible to smoothly implement price reform under an inflationary environment. The so-called "relaxed and flexible conditions" is a common description of a situation whereby aggregate demand can basically meet aggregate supply, and inflation will not be brought about. However, this does not affirm the adoption of an administrative price control and the policy of giving a price subsidy under inflationary conditions. In fact, when objective laws are ignored and when the selling price of some products are being suppressed at a very low level, the amount of

subsidies that have to be given will be larger, and the tax burden on enterprises that have made a profit will become heavier. Since the seventies, the amount of subsidies that have been given by the Hungarian Government has amounted to 30 percent of its budgetary expenditure. Although subsidies can check an excessively rapid increase in commodity prices, they cannot cover up mismanagement. On the other hand, since an absolute amount of the profit earned by enterprises, which have made profit, have to be taxed, self-development and self-transformation of highly efficient enterprises have been constrained. Under this situation, macroeconomic regulation and control [tiao jie 6148 4634] cannot effectively raise the efficiency of enterprises and cannot change their structure, and low efficiency and unreasonable structure will bring about a triangular cycle in implementing macroeconomic regulation and control [tiao jie 6148 4634]: Price—subsidy—tax. Hungarian economists called this cycle the "big Bermuda triangle."

Many countries have adopted the policy of giving price subsidies on agricultural and sideline products. The key to the question of whether this type of subsidy will bring inertial motion of inflation or not lies in whether the subsidies bring financial deficits or not. Before 1978, China had adopted a subsidy policy. At that time, the total amount of subsidies that had been given by the government was small, no financial deficits had been brought about, and the subsidies had not led to a price increase. At the end of 1978, the purchase price of grains, oil, and other products was raised, and a great amount of price subsidies were given to maintain stability of the selling price. This great amount of subsidies have resulted in financial deficits and the excessive issuance of currency, which has thus led to increases in commodity prices, on which price controls have been relaxed. Consequently, the relative price relationship among commodities, which had been readjusted, has become distorted again. This has also become a deep factor of price instability. Since 1981, China has been giving about 30 billion yuan of subsidies. In the 6-year period from 1979 to 1984, the state's financial income has increased by 34 percent, while the amount of price subsidies given has increased by 480 percent; and 69.7 percent of the amount of increased financial income was used in subsidizing prices. If the amount of price subsidies given would have been smaller, financial deficits and the amount of money issued would not have been so large, and the magnitude of the revolving increase in the commodity price would have been smaller. Speaking on the current situation, a cycle: Price increase—price subsidies—financial deficits—price increase, has been formed.

In view of the practice of China, the Soviet Union, East European countries and other socialist countries, price subsidies have been mainly given on agricultural and sideline products, and the policy of giving price subsidies is in fact a policy option on how to treat agriculture and the price of agricultural and sideline products. Increases

in the price of agricultural and sideline products is a general and long-term trend. During the stage when economic development has changed people's life from one in which they have enough to eat and wear to one in which they are relatively well-off, the increase in people's demand for agricultural and sideline products will often be greater and faster than the increase in consumption. However, because land resources are limited, investment in production of agricultural and sideline products is constrained by the return to scale, and an increase in the opportunity cost of rural areas in developing nonagricultural industries, the increase in supply will be slow. This will thus worsen the contradiction between the demand and supply of agricultural and sideline products, and will increase the cost of these products. Under this situation, the price of agricultural and sideline products will inevitably increase. There are many policy options for us to handle this situation. The focus of the price subsidy policy is on ensuring stability of the price of agricultural and sideline products in cities, in particular large- and medium-sized cities, and this policy option is an expression of a form of thinking that will give favoritism to urban staff and workers, and will discuss price on the basis of price. In fact, there are other policy options. For instance, to increase investment in agriculture, and to build up production bases for cash crops, cotton, pigs, poultry, and eggs so as to increase supply and to lower the cost of supply. The amount of money required in implementing these policies will not be more than that required by a price subsidy policy, and the effects that will be brought about by these policies will be better. Moreover, the cycle that will be brought about by a price subsidy policy can also be avoided. At present, the focus of the policy of giving price subsidies on agricultural products adopted by many countries is on producers. Under this policy, a minimum protective price of some agricultural and sideline products is set, and the state will set up a special fund to purchase agricultural and sideline products in accordance with the minimum protective price of some agricultural and sideline products, and the state will set up a special fund to purchase agricultural and sideline products in accordance with the minimum protective price when the price of these products falls. This is to avoid any harm that will be brought to production by a tremendous price drop, and can also avoid a tremendous price increase, which will be brought by a sudden decrease in supply. Comparatively speaking, the policy option of giving subsidies to producers can be of help in avoiding a price increase, which will be brought about by the policy of giving price subsidies.

IV. We Should Attach Importance to the Study on Inertia Inflation

Speaking on fundamental terms, inflation is caused by an excessive supply of money; and an excessive issuance of banknotes is a governmental behavior. A government can strengthen its actual controlling power on its existing financial capability through the simple method of issuing banknotes. Under a situation whereby there is a slight degree of inflation and a hallucination of money still

exists, this method can really enable the government to expand investment and to stimulate economic prosperity. However, these can only be achieved at the time when inflation is still not known and anticipated by people. Once people anticipate inflation, in particular at the time when low-level inflation has developed into medium-level inflation, the rigidity of interests will induce people to demand the government to give them various types of compensation for the damages brought to their benefits by inflation. Under this situation, the government may not be able to strengthen its actual controlling power on its financial capability by issuing more banknotes.

The root of the problem of excessive issuance of money is expansion of aggregate demand. In China, the expansion of investment demand and consumption demand is due to many inherent reasons—development strategy, economic structure, and policy measures. Since the implementation of economic structural reform, some new factors, which have led to demand expansion, have emerged. For instance, the large number of investment principals has intensified the tendency to start new businesses and increase investments; the profit-orientation of investment, guided by price distortions, has caused a structural imbalance and aggravated the aggregate imbalance; the diversification of investment principals and the varied forms of distribution have caused people to try to outdo each other and worsened the inflation of disposable personal income. If we cannot notice these deep-level factors, which have led to an excessive supply of money, but will only simply check the money supply, we can only tighten the circulating funds of enterprises but cannot stop inflation. This clearly explains that if a government wants to improve the situation of inflation, it has to coordinate diversified governmental behavior, and to reasonably group diversified economic targets. Moreover, it should adopt a comprehensive improvement policy, and should formulate a relatively long-term monetary policy that has unified goals. Only in this way can relapses be avoided.

Because Chinese economic theoretical circles in the past have not carried out much study on the theories of inflation, they always confuse the policy of dealing with inflation with that of improving the situation of inflation, and do not have enough understanding of the inertial motion of inflation, which will be brought about by the policy of dealing with inflation. I consider the studying of inertial inflation to be the most important aspect of the current study on economic theories. At present, the situation of inflation in China carries the nature of demand-pull inflation and the nature of inertial inflation. This has thus increased the difficulty in improving the situation of inflation. Currently, many countries in the world are facing the problem of inflation, and government leaders of these countries also want to get rid of the difficult situation of inflation. One of the important reasons why it is difficult for them to get rid of the situation is that they cannot overcome the inertial motion of inflation. Hence, we should not consider inertial inflation unimportant.

Foreign Loans Finance High Technology
OW2402193689 Beijing XINHUA in English
0801 GMT 23 Feb 89

[Text] Beijing, February 23 (XINHUA)—China used about 2.6 billion U.S. dollars in foreign loans to increase its technology imports last year, despite the nation's shortage of foreign exchange.

The value of technology import contracts reached 3.55 billion U.S. dollars, 19 percent more than in 1987, "CHINA DAILY" reported today.

However, the number of high-tech items imported decreased from 581 to 437, said Zhou Yanlin, an official of the Ministry of Foreign Economic Relations and Trade (MOFERT).

But the paper did not explain reasons for the reduction in high-tech import.

The country did not reach the government's goal of using 10 percent of its annual export earnings to import technology.

The technology imports included both pure technology and complete sets of equipment with necessary technology.

The import of pure technology accounted for 19 percent last year while that of complete sets of equipment exceeded 80 percent, Zhou said.

The imports were in accordance with the state's emphasis on energy, communications, transportation and raw material production.

For example, the import of technology for the power stations in Sichuan, Hunan and Jiangsu Provinces cost about 860 million U.S. dollars.

This year, the government will concentrate on the import of software or pure high-tech while the hardware, such as complete sets of equipment or production lines, will be cut back, the paper said.

According to contracts, technology will be introduced from 25 countries and regions.

Chemical Fertilizer Industry Corruption Attacked
OW2802035889 Beijing XINHUA in English
1310 GMT 27 Feb 89

[Text] Beijing, February 27 (XINHUA)—The front page of the ECONOMIC DAILY today carries an article attacking corruption in the chemical fertilizer industry.

It says the Kaifeng Agricultural Materials Service Company in Henan Province and some officials of the city government have been using the fertilizer, which has been scarce, as a private possession with which to confer favors on friends or acquaintances.

As China's agricultural production develops, demand for chemical fertilizer has been increasing. To guarantee supplies, governments at various levels have decreed that fertilizer supplies be under the unified management of local companies supplying materials to agriculture.

But to those who have special permission from higher authorities, the regulations do not apply.

The report says that 40 percent of the fertilizer possessed by the service company in the past two months was bought by people with "tiaozi"—a strip of paper carrying special permission and signed by someone in power.

It says the amount of "tiaozi fertilizer" bought through this channel varies from a few hundred kilograms to dozens of tons. A considerable amount of it is resold on the black market instead of being applied to farmlands as the "tiaozi" required.

Some people do not even want to take the trouble of buying the fertilizer. They simply sell the "tiaozi" on the black market. Farmers who do not have any kind of "guangxi" (or pull) have to buy the fertilizer at a much higher price.

The report says a ton of ammonium nitrate sold at 464 yuan by the Kaifeng Chemical Fertilizer Factory can sell as much as 875 yuan on the black market next door.

It quotes a farmer living a hundred miles away from the black market as complaining that he has only seen fertilizer sold by the government; he has never been able to buy any.

The farmer is reported as saying: "having no 'guangxi' at all, I am forced to buy it at a higher price as my land cannot wait."

The report says the illegal practice has aroused much indignation among farmers, but it still exists despite government orders.

Chemical Fertilizer Increase Announced
OW2802010989 Beijing XINHUA Domestic Service
in Chinese 1344 GMT 25 Feb 89

["Local Broadcast News Service"]

[Text] Beijing, 25 Feb (XINHUA) — Our reporter has learned from the Ministry of Commerce that the State Council has decided that both the central and local governments will appropriately increase the apportioned quantity of chemical fertilizers linked to grain purchase by contract.

The central government's increases of the quantity of chemical fertilizers linked to grain purchase by contract are the following: The quantity of standard chemical fertilizers linked to the contract purchase of every 50 kilograms of husked rice and soybeans is increased from last year's 3 to 7.5 kilograms, while the quantity for every 50 kilograms of the contract purchase of wheat and maize is increased from 3 to 5 kilograms. Every province, autonomous region, and municipality may increase the quantity of chemical fertilizers appropriately in the light of the respective source of chemical fertilizers at their disposal.

The State Council requires every locality to ascertain the quantity of chemical fertilizers whose distribution is to be linked to contract grain purchases, fix a standard quantity for their distribution along with the chemical fertilizers arranged by the central government for distribution linked to special cases of contract grain purchases, and make public a promulgation to the peasants. The chemical fertilizers that are supplied in 1989 and are linked to contract purchases will still be priced at last year's level.

It has been learned that the Ministry of Commerce has begun earmarking chemical fertilizers to be linked to contract grain purchases for 1989 since the fourth quarter of last year. So far, the quantity of chemical fertilizers apportioned to the provincial level accounts for 77 percent of the annual quantity of chemical fertilizers that should be apportioned. Among them, the quantity for the three provinces in northeast China has exceeded 80 percent.

State Council Further Readjusts Cotton Policy
OW2802011189 Beijing Domestic Service in Mandarin
1030 GMT 25 Feb 89

[From the "National Hookup" Program]

[Text] The State Council has decided to further readjust the cotton policy in the following two aspects: First, appropriately raise the purchasing price of cotton from farmers in an effort to boost cotton production; second, a cotton transfer policy will be instituted this year to boost the enthusiasm of local governments at all levels for cotton production.

The State Council recently sponsored a meeting of leaders from 18 cotton producing provinces and municipalities. State Councillor Chen Junsheng said at the meeting: The state has spent large amounts of financial and material resources over the years to promote cotton production. Now the state is facing some difficulties; the farmers should understand this. The purchasing price may still not be completely rational even after the readjustment. However, this is the best the state can do at the present considering our financial capacity and the ability of industry and consumers to take on a price readjustment.

Chen Junsheng emphasized: After the readjustment of the cotton purchasing price, the other existing policy measures for encouraging cotton production must remain unchanged. These measures include provision of chemical fertilizer and diesel oil to cotton farmers at favorable prices and price subsidies for cotton transferred to other provinces. Moreover, localities may consider, if conditions permit, an appropriate raise of the grain rations and chemical fertilizer quotas for cotton farmers.

He pointed out in particular: After the cotton transfer policy is implemented, the entire nation must uphold one price and one track. We must not allow double tracks for the price of cotton.

Bai Meiqing, deputy secretary general of the State Council, spoke at the meeting. He urged all localities to proceed from the interests of the entire nation and increase production to alleviate the current cotton shortages and other difficulties. It is essential to take into consideration the interests of the state, localities, and producers as well as the interests of the producing and consuming provinces. We should not only consider the interests of a certain locality or group.

Cotton Prices To Increase

OW2602182089 Beijing XINHUA in English
1526 GMT 26 Feb 89

[Text] Beijing, February 26 (XINHUA)—The State Council, China's top governing body, has decided to raise the purchasing price of cotton from farmers in an effort to boost its cotton production, which has been stagnant in recent years.

This was revealed at a recent national meeting on cotton production attended by State Council officials and leaders from 18 cotton-producing provinces and municipalities.

State Councillor Chen Junsheng was quoted by today's "PEOPLE'S DAILY" as saying at the meeting that the government will also tighten its control on cotton marketing. Cotton producers must fulfil their quotas to be sold to the state.

For those bigger textile exporters in the country, a certain amount of cotton can be imported through foreign trade departments, Chen added.

He also called on local authorities to encourage farmers to grow more cotton in a bid to prevent a drop in cotton output.

The state will exercise monopoly over cotton price and only allow supply and marketing cooperatives to conduct cotton business, the state councillor said.

Natural Disasters Cause Decrease in Grain Output
OW2802080989 Beijing XINHUA in English
0633 GMT 28 Feb 89

[Text] Beijing, February 28 (XINHUA)—China's grain output fell by 2.2 percent to 394 million tons last year as a result of serious natural disasters, a spokesman for the State Statistical Bureau Zhang Zhongji said here today.

He told a press conference this afternoon that last year's cotton output was 4.2 million tons, a drop of 1.1 percent from 1987, and oil-bearing crops dropped by 13.6 percent.

The grain and cotton output, Zhang said, was better than estimated while the production of sugar-bearing crops, tobacco, silkworm cocoons, tea and animal by-products all went up.

The yield of sugar-bearing crops rose markedly with sugar beets shooting up, reversing the downward trend in the previous two years.

China's total agricultural output value last year reached 561.8 billion yuan, up 3.2 percent over 1987. Of the total, only agricultural products dropped by 0.5 percent while forestry, animal husbandry, sideline production and fisheries all reported increases in their output value.

The number of live pigs rebounded last year with increases in the number of pigs both slaughtered and in stock. The output of meat, poultry, eggs and milk continued to rise.

According to the statistics, improvement was made in conditions for agricultural production. The aggregate power for the country's farm machinery rose 6.6 percent over 1987, with that for small hand tractors jumping by 12.7 percent.

The statistics also show that whole rural economy developed to a new high, bringing rural areas' total social output value to 1,207.8 billion yuan, 12.9 percent up over 1987.

Non-agricultural output value (rural industry, construction, transportation and commerce) went up 22.5 percent, bringing its proportion in the total rural output value to 53.5 percent from 50.4 percent in 1987. The proportion of agricultural output value however dropped from 49.6 percent to 46.5 percent.

Agricultural Bank Issues Circular on Farm Loans
OW2502210089 Beijing Television Service
in Mandarin 1100 GMT 18 Feb 89

[Text] The Agricultural Bank of China has issued an emergency circular, urging all its branches to dispense their loans in support of farming on time. Loans should be used primarily to purchase chemical fertilizer, insecticide, plastic sheets, and other means of production for farming. Second, such loans should be used to defray expenses in farming, to support the production of grain crops, cotton, and oil bearing crops, to grow vegetables, and to expand farming areas. Efforts must be made to pay farmers state deposits for the procurement of grain crops and to support specialized production in regions where marketable grain crops are being grown.

East Region

Anhui Leader Visits, Gives Guidance to Poor Areas *OW2302200689 Hefei ANHUI RIBAO in Chinese* 10 Jan 89 p 1

[Text] During his inspection tour of old revolutionary base areas in western Anhui in early January, Fu Xishou, deputy secretary of the Anhui Provincial CPC Committee and vice governor of Anhui Province, emphatically pointed out that it is not practical to expect the state to provide financial assistance to help develop the local economy, and that mountainous areas should enhance their ability to accumulate funds for development needs as soon as possible.

In the past few days, Fu Xishou went deep into the mountainous areas in western Anhui, as well as Meishan, Foziling, and the Longhekou Reservoir area, to visit the poor, inspect the living conditions of the people and the production situation in those old revolutionary base areas, and study with local cadres at various levels specific measures to enable the local people to become better off. He said: In general, the majority of peasants in Luan Prefecture have enough to eat and wear, but there are still some very poor peasants. We are about to launch a final assault in our battle against the impoverishment of the people in the old revolutionary base areas. If we are unable to considerably enhance our ability to accumulate the necessary funds for development in the last 2 years of the Seventh 5-Year Plan, we will once again miss a golden opportunity to invigorate the economy.

Fu Xishou pointed out: The mountainous region in western Anhui is very rich in resources. There are treasures all over the mountains. In order to develop the mountainous region's commodity economy, we must focus our attention on developing agriculture. We can adopt the approach of moving from a small scale to a large scale, and from scattered to concentrated production in order to progress to fairly large-scale operations. This will gradually establish a commodity production base suited to the situation in western Anhui and having clear local features.

He said: Placing the emphasis on developing agriculture does not mean we can overlook grain production in the mountainous region. The amount of arable land in the mountainous region has always been small. Land meant for grain production should remain so. Moreover, we should also rely more on scientific and technological inputs and use all available means to increase yield per mu.

During his journey, Fu Xishou inspected scores of enterprises run by counties, cities, towns, and townships. Fu Xishou said: Currently, one of the constraining factors is electricity. To prevent a "slide" in industrial production, we must approach this problem squarely. What is happening now is a good example. Enterprises of counties, cities, towns, and townships should determine their

production according to electricity supply. They must practice self-restriction and make adjustments in their production, retaining some aspects and foregoing others. They must have the determination to cease the production of goods requiring high power consumption, and sacrifice "the pawn to save the castle".

While he was inspecting western Anhui, Fu Xishou made it a point to call on old cadres in the various counties. He also visited veterans of the Red Army and Eighth Route Army in Jingzhai "Red Village" as well as reservoirs and markets in western Anhui. Fu Xishou said happily: Everything I saw along the way was bustling with life. If we persist in relying on our own resources for accumulation and development, the day when prosperity comes to western Anhui will not be too far away.

Anhui Holds Telephone Conference on Conscription *OW2302073989 Hefei Anhui Provincial Service* in Mandarin 1100 GMT 17 Feb 89

[Text] On 15 February, the Anhui provincial government and the Anhui Military District jointly held a provincial telephone conference on conscription work and arranged this year's conscription work for the province. Present at the conference were Li Yuanxi, commander of the Anhui Military District; responsible comrades of the departments concerned of the provincial government and the military district; and leading comrades of prefectures, cities, counties, military subdistricts, and the people's armed forces departments. The speakers at the conference were Zhao Huaishou, secretary of the provincial government, and (Wang Zhengying), chief of staff of the Anhui Military District.

The conference pointed out: The guiding principle of this year's conscription work is to ensure good quality of recruits and to supply qualified recruits to PLA units. For this reason, city and county drafting offices should appraise and select recruits in a unified way, practice a contract system, and institute and improve the system of personal responsibility. Candidates shall be jointly evaluated by their schools, villages, neighborhoods and organizations and local police stations and PLA units. In order to raise the educational level of the recruits, senior middle school graduates should be considered first. All senior middle school students who meet the requirements should take part in the physical examination, and all those who pass both the evaluation and the physical examination should be given the approval to join. Further consideration will be given to the ratio of the recruits from nonagricultural families in townships and towns.

The conference pointed out: The drafting offices at all levels should set up investigation groups for handling discipline violation cases. Conscientious actions should be taken to investigate and handle cases of using influence, trying to enter through the back door, taking

bribes, practicing fraud, and drafting unqualified youth during the conscription. It is necessary to resolutely oppose and correct unhealthy tendencies in conscription work.

The conference emphasized: This year's conscription work begins in a busy spring plowing season. People's governments at all levels should take effective measures and make overall and rational arrangements to ensure good results in both the conscription work and the farming work.

Zhang Jingfu Inspects Fujian 30 Jan-10 Feb
OW2402073589 Fuzhou FUJIAN RIBAO in Chinese
13 Feb 89 p 1

[Dispatch by Gu Huang]

[Text] Zhang Jingfu, member of the Standing Committee of the Central Advisory Commission, inspected Fujian Province from 30 January to 10 February. Accompanied by secretary of the provincial party committee Chen Guangyi and Vice Governor You Dexin, he successively visited Xiamen, Quanzhou, Putian, Fuzhou, and Nanping, and familiarized himself with the situation there with respect to improvement of the economic environment, rectification of economic order, and implementation of a coastal economic development strategy. He also inspected some joint ventures; cooperative, wholly foreign-owned, village, and town enterprises; and small commodity markets, and held discussions with grass-roots cadres, local people, and entrepreneurs.

Zhang Jingfu was satisfied with the progress made by various localities in improving the economic environment, rectifying economic order, and implementing a coastal economic development strategy. He was very much concerned about the current situation of effective supply, but he regarded the market supply in the areas he visited as good. He said: Currently, our country is in an important development period. In order to overcome present difficulties and achieve long and steady development in the future, we must firmly improve the economic environment and rectify economic order in accordance with the arrangements made by the central authorities. In the course of improving the economic environment and rectifying economic order, we should pay attention to solving current difficulties and simultaneously create better conditions for future development. We should strictly control demand, while striving to increase effective supply. In order to do so, we must make great efforts, and explore various fields. In particular, we should emphasize the "two hands." On the one hand, we should develop the socialist commodity economy, while on the other, we should pay attention to ideological and political work, and do an even better job in all fields.

Zhang Jingfu pointed out: While improving the economic environment and rectifying economic order, we should continue to open wider to the outside world and

firmly implement the coastal economic development strategy. In this regard, Fujian has many outstanding favorable conditions and some good opportunities, which it should take full advantage of. It is necessary to have a greater sense of competition, market, time, and value, and implement preferential policies to encourage foreign firms to make joint investment in large-scale development projects. We should select good projects and particularly pay attention to developing high-technology projects. We should seriously help solve the difficulties pointed out by foreign investors.

Jiangsu Approves Projects Using Foreign Funds
OW2202130989 Beijing XINHUA in English
0800 GMT 21 Feb 89

[Text] Beijing, February 21 (XINHUA)—Jiangsu Province has now approved 401 individual projects using foreign investment worth 730 million U.S. dollars, the "PEOPLE'S DAILY" reported today.

In 1988 the number of projects using foreign funds increased by 84.8 percent and the amount of foreign money introduced into the provincial economy jumped a full 221.7 percent over 1987, the daily said.

Approval was given to set up 241 enterprises with investment by foreign firms (total capital: 810 million U.S. dollars) last year and the province has also approved the establishment of three wholly-foreign financed companies.

Last year 260 million U.S. dollars was applied to expanding production of firms using foreign money—an increase of 15.6 percent over the previous year.

According to the provincial government, the total sum of foreign investment introduced into the province and the number of its foreign-funded enterprise have both surpassed figures available for the years between 1981 and 1987.

The distribution of foreign investment has changed, with production-oriented companies making up the lion's share (97.2 percent) of the province's 247 foreign-funded enterprises.

One-hundred-and-seventy-five new enterprises have gone into production, 137 of which are export-oriented, and 20 utilize advanced technology.

Wu Guanzheng Chairs Jiangxi Government Meeting
OW2302055189 Nanchang JIANGXI RIBAO in Chinese
11 Feb 89 p 1

[By reporters Yang Shidi and Luo Shiyue]

[Text] On the morning of 10 February, Governor Wu Guanzheng convened and chaired an executive meeting of the provincial government to study and arrange the

plans for current tasks. All the vice governors, advisers, deputy secretaries general, and responsible comrades from relevant department attended the meeting.

The meeting seriously studied and focused on improving effective supply; increasing revenue income; speeding up industrial readjustment; reducing consumption; improving product quality; speeding up funds circulation; conducting the "dual increase, dual economy" drive more extensively and in-depth; ensuring the success of spring plowing and sowing as well as urban vegetable production; and striving to develop rural enterprises. The meeting urged all localities and departments to make early and good preparations for the various tasks ahead, and to see that every task is duly fulfilled. Departments in charge of commerce, materials, and industries must energetically arrange the supply of commodities and withdrawal of currency from circulation. Banks must energetically unfold the drive for patriotic savings deposits in order to absorb idle capital. Industrial and transportation sectors must fulfill their production targets for the first quarter, and take effective steps to lower energy consumption, improve quality, and ensure that every unit and individual fulfills its task. Agricultural, grain, and capital goods departments must fulfill their assignments for pesticides, chemical fertilizers, plastic sheeting, and seed grain, as well as fulfill, as early as possible, their contract for procurement. Rural enterprises must make new progress and all departments must continue to give them their support. Favorable treatment must be given to those enterprises that yield good economic returns.

The meeting also decided to set up a provincial patriotic savings deposits committee, and a provincial "dual increase, dual economy" leading group. It also decided to send a number of inspection teams to the grass roots to inspect and supervise the "dual increase, dual economy" drive, especially in the saving of electricity, coal, and raw and semiprocessed materials; preparations for spring plowing and sowing; arrangements for market supply during the second quarter; and the urban production of vegetables and nonstaple foodstuffs.

Jiangxi Governor Speaks at Audit Meeting

OW2202084289 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 17 Feb 89

[Excerpts] A provincial meeting on audit work was held in Nanchang from 13 to 17 February. The meeting pointed out that the province should do good audit work and ensure the implementation of the macro control measures of the state this year in order to facilitate the accomplishment of the central task of improving the economic environment, rectifying economic order, and deepening reform comprehensively.

The meeting called on all audit organs in the province to audit financial work and tax revenues in all localities. In principle, the financial work of a government organ should be audited by the higher-level audit organ, while

the tax revenues of a locality should be audited by the audit organ of the locality. Auditing should be carried out on the finances of the people's banks at various levels, on the trust companies under specialized banks, on the progress of fixed assets investment projects, on a number of key enterprises, and on some special funds. [passage omitted]

During the meeting, Governor Wu Guanzheng and Vice Governor Zhang Fengyu successively attended and addressed the meeting.

Jiang Chunyun at Shandong Political Work Forum

SK2302110089 Jinan Shandong Provincial Service in Mandarin 2300 GMT 22 Feb 89

[Text] The provincial forum on political and legal work was held in Jinan from 19 to 22 February. Jiang Chunyun, secretary of the Shandong Provincial CPC Committee, attended and addressed the forum.

Referring to the work of gaining a correct understanding and estimate of the current public security situation, Comrade Jiang Chunyun said: Shandong is one the provinces with a relatively low crime rate, relatively good social order, and a relatively stable social environment. However, it must be noted that many weak links remain in the province's political and legal work, and the social order still has waves amid stability. Therefore, we must fully estimate this situation, instead of lowering our guard and becoming careless.

Comrade Jiang Chunyun pointed out: At present, we should focus our efforts on dealing stern blows to those criminals who flee hither and thither to commit violent crimes in gangs and who gravely harm society. At the same time, we should continue to firmly grasp the struggle against serious economic crimes and should pay special attention to investigating and dealing with major cases of graft and bribery in an effort to check the spread of corruption.

With regard to the building of democracy and the legal system and the comprehensive administration over public security, Comrade Jiang Chunyun said: The building of democracy and the legal system constitutes the basic political building of our country and is an important task in the political and ideological sphere. A basic way to solve problems of public order is to mobilize all circles in society to make concerted efforts to comprehensively solve these problems under the unified leadership of the provincial party committee in close combination with the work of improving the economic environment, rectifying economic order, and comprehensively deepening reform. We should establish a set of strict and effective systems to take precautions to prevent and reduce the incidence of crime.

In comprehensive administration over public security problems, we should give prominence to major areas and major cases. We should give prominence to large and

medium-sized cities, vital communications lines, coastal areas, industrial and mining areas, tourist areas, and frontier areas. We should give prominence to those major problems that affect current public security.

Comrade Jiang Chunyun stressed: Grasping the political and legal work is the entire party's task, not just the political and legal departments. Party committees at all levels should list political and legal work as an important item on their daily agenda and further strengthen the leadership over political and legal work in the fields of ideology, organization, and system. The vast number of cadres and policemen should strengthen their sense of responsibility and urgency; do their work more positively, enthusiastically, and creatively; attend to their own jobs conscientiously; and make new contributions to creating a good social environment and ensuring the smooth progress of reform and construction.

Gao Changli, member of the Standing Committee of the provincial party committee and secretary of the provincial Political and Legal Commission, presided over this forum.

Shandong's Jiang on Studying Leaders' Speeches
SK2302075289 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 20 Feb 89

[Text] On 20 February, the Shandong Provincial CPC Committee held a meeting of party-member principal leading cadres at or above the department and bureau levels to relay the guidelines of speeches made by central leading comrades at the recent meetings sponsored by the central authorities.

Comrade Jiang Chunyun, secretary of the provincial party committee, reaffirmed seven key ideological viewpoints on how to study, master, and implement the guidelines of central leading comrades' speeches and to unify the thinking on questions concerning the situation of reform and party-building.

First, we should firmly foster the thinking of attending to the two tasks. That is, party committees at various levels should attend to developing the socialist commodity economy with one hand and attend to the work in the ideological and political field with the other.

Second, we should persist in the general principle of reform and opening up to the outside world. The gigantic changes brought about during the last decade of reforms show that the principle of reform and opening up to the outside world is accurate.

But we are also having difficulties. However, we have the ability and conditions to overcome them. The key to overcoming difficulties hinges on the fact that we should wholeheartedly attend to the work of improving the economic environment, rectifying the economic order, and deepening reforms during the next 2 years. The main structures of reform and opening up to the outside world

cannot be changed, nor can the line of the 13th party congress and the principles set forth at the 3d Plenary Session of the 13th CPC Central Committee.

Third, we should stress persisting in the four cardinal principles. No matter what changes have taken place in the political structure, the CPC's position of being in power cannot be changed. Although it is necessary to change the product economic management pattern and it is possible to explore the specific pattern of public ownership, the main part of public ownership and the main pattern of distribution according to work cannot be changed. Democracy should gradually be expanded among the people on the premise of not ignoring the dictatorship over hostile elements. Marxism should be developed to a new level, but the Marxist stand, viewpoint, and method and the basic principles of Marxism cannot be changed.

Fourth, we should pay attention to party-building. Party committees at various levels should attend to developing socialist commodity economy with one hand and attend to the work in the ideological and political field with the other. The key to attending to this hinges on grasping party-building. With combat effectiveness, the party has the backbone to carry out ideological and political work. In short, socialism with Chinese characteristics cannot be built without attending to the development of the socialist commodity economy, the commodity economy cannot be developed without attending to the work in the ideological and political field, and the work in the ideological and political field cannot be attended to without placing stress on party-building.

Fifth, we should stress the thinking of keeping party and government organs clean and honest. As the economy becomes more flourishing and the commodity economy becomes brisker, the Communist Party members should have a higher awareness of being clean and honest and there should be stricter party disciplinary requirements and restrictions.

Sixth, we should foster the thinking of having a spiritual pillar. Party members and the masses should foster a spiritual pillar of realizing the four modernizations and rejuvenating China. Communist Party members in particular should understand the value of serving the people and fighting for communism.

Seventh, we should stress the thinking of strengthening the building of Marxist theory. We should arm the whole party with the theory set forth at the 13th party congress.

Comrade Jiang Chunyun stressed in his speech: to achieve the province's work for 1989, first of all, we should unify the thinking within the party. Party committees at various levels should closely proceed from reality, unify the thinking of party members and the masses with the guidelines of central leading comrades' speeches, and enhance the party's cohesive and centripetal forces.

Comrade Jiang Chunyun made arrangements and requirements for the current work at the conclusion of the meeting.

Ma Zhongchen, deputy secretary of the provincial party committee, presided over the meeting.

Shandong Decision on Accelerating Afforestation
SK2302073289 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 21 Feb 89

[Text] The provincial government recently issued a decision on accelerating our province's forestry development. The decision states: It is imperative to carry out afforestation comprehensively by successfully afforesting mountainous and plain areas, and building forest bases of economic value and high-yielding timber forests. In afforesting mountainous areas, all-out efforts should be made to afforest more than 1.5 million mu of barren mountainous areas every year so that in 5 years the outlook of most barren mountainous areas will show great changes. In afforesting plain areas, most counties in plain areas should reach the standard for afforestation set by the Ministry of Forestry in 5 years. In building forests of economic value, we should set our view on both domestic and foreign markets; cultivate on a priority basis the brand-name, special, and fine-quality strains; and carry out intensive management to raise the output and quality of fruits. In building high-yielding timber forests, we should breed the trees to satisfy specific needs, strengthen management, and increase output in order to raise our province's timber self-reliance rate.

The decision demands: While maintaining the consistency and stability of policies, we should deepen reform, and further improve the forestry production responsibility system. Contracts that are not so perfect should be improved through consultation instead of having one side make unilateral changes or having one side refuse to honor the contract. People who do a poor job in managing their self-retained or responsibility areas in mountainous places should plant full amounts of trees and manage them well within a given period. Otherwise, fees should be collected from them for leaving the areas barren, their mountainous areas should be recalled by collectives and contracted to others anew through bidding, or forest farms should be organized to manage them. State forest farms and sapling nurseries should be managed under the system whereby the directors are held responsible for the attainment of certain objects during their tenure and subject to supervision through auditing at the expiration of their term. Scientific research and scientific and technological popularization for forestry should be further intensified, research in applicable technology should be strengthened, and scientific and technical personnel should be encouraged to make contributions at the forefront of production.

The decision demands: Felling of trees should be kept within the limited quotas set by various localities so as to check the unhealthy trend of reckless felling of trees and prevent forest fires.

The decision points out: All localities and units at various levels should increase investment in forestry. A certain amount of the agricultural development funds and funds handed over by township enterprises to town and township governments should be set aside for forestry development.

The decision also states: We should comprehensively enforce the system under which leading persons are held responsible for attaining certain tree planting tasks. Leading persons at various levels and relevant departments should sign letters of responsibility at every level, and strict systems for supervision and for rewards and punishment should be established.

Shanghai Catholics Attend Memorial Mass for Bishop
OW2602023889 Beijing XINHUA in English
1540 GMT 25 Feb 89

[Text] Shanghai, February 25 (XINHUA)—About 3,000 Catholics attended a memorial Mass for the late Bishop Zhang Jiashu at the city's main cathedral today.

Zhang was elected bishop of the Shanghai Parish in 1960. He died of illness February 25, 1988, at the age of 96.

The bishop's ashes were buried and an autograph album commemorating the bishop was also published here today.

Shanghai Foreign Investment Increases in 1988
OW2302073789 Shanghai City Service in Mandarin
1100 GMT 17 Feb 89

[Text] (Du Guoxian), vice chairman of the Shanghai Municipal Foreign Economic Relations and Trade Commission, said during a briefing for some NPC deputies of Shanghai this morning: During the 10 years of opening up to the outside world, Shanghai obtained the most foreign investment in 1988—\$545 million for 309 projects. The number of projects increased by 80 percent, while the investment rose 30 percent, as compared with 1987. According to his report, in the last 10 years Shanghai has approved 998 projects using foreign funds and obtained foreign investment totaling \$2.83 billion.

The 1988 foreign investment had the following features: 1) More investment was made in industrial projects; 2) large industrial projects using foreign funds increased remarkably, with nine of them taking more than \$10 million each; and 3) the number of enterprises below the municipal and county levels that use foreign capital tripled the figure for 1987.

(Du Guoxian) said during the briefing: In 1988, the volume of Shanghai's export trade was at an all-time high of \$4.602 billion. Major progress was made in contracting to build foreign construction projects and in labor service cooperation. Seventy contracts worth \$110 million were signed. This year, we will strive to keep the good trend of foreign investment and steadily increase export trade. We will strictly abide by the contracts in conscientiously building the foreign investment projects. We will give higher priority to approving new joint ventures that serve to fill in the gaps at home, or that are urgently needed, are technologically advanced, or will yield high economic returns. We will strictly control nonproductive projects, particularly general business projects, such as dance halls, bars, music tea rooms, bakeries, and restaurants.

XINHUA 'News Analysis' on Shanghai Economy
OW2402215589 Beijing XINHUA in English
1507 GMT 24 Feb 89

["News Analysis: Shanghai's Economic Construction in the Year of the Snake"—XINHUA headline]

[Text] Shanghai, February 24 (XINHUA correspondent Li Zhiyong)—To control price rises and stabilize the market are the primary tasks of people in Shanghai in the Year of the Snake, said the city Mayor Zhu Rongji.

Last year, the city's price rise indexes reached 21 percent despite subsidies the municipality squeezed out to offer to its some 12 million population.

This year, according to the mayor, the city government will "control the prices for 70 percent of the daily necessities by increasing financial subsidies no matter at whatever cost."

Experts hold if only control measures are properly adopted and banks can attract more savings from residents with the practice of pegging deposits with price indexes, the mayor's wish of keeping a stable market could likely be fulfilled.

According to the city mayor, the major tasks for this year's economic development also include reduction of fixed assets construction scope, control of consumption funds, readjustment of industrial structure and further reform of enterprises.

To slow down the excessive economic development speed as a whole, the city government has targeted an increase of 5 percent for this year's industry, which is 50 percent less than last year's.

Yu Pinfang, director of the Shanghai Economic Commission, said the austerity policy will exert both positive and negative effects on the city's industrial development.

He said, from a long-term point of view, the austerity policy will help the industrial city to reduce the pressure from high costs and to stimulate the development of processing industry.

However, he said, the lack of funds resulted in the austerity policy will directly affect the normal industrial production and technological progress.

The director sounded a bit pessimistic when he said that the positive effects of the austerity policy will take time to appear, whereas the negative ones caused by the nationwide excessive rapid development speed is still in the process.

He said, presently, the shortage in the supply of funds, foreign currency, raw materials and particularly energy, have severely affected the city's industrial production. Many factories have to close down two or three days a week.

However, the forecast made by the Shanghai Economic Information Center based on various factors is still very optimistic.

According to the forecast, the industrial increase rate for the year will likely exceed 5 percent, as the industrial output rate in January was still 2.5 percent higher than the same period last year though it was 11 percent lower than the last month of last year.

Industrial profits and taxes are the backbone of Shanghai's revenue. Historical data show that 1 percent increase in industrial output value will result in an increase of 100 million yuan in revenue.

The significant financial system reform started last year has for the first time in decades separated the city's revenue from that of the central government.

In 1988, the city was able to retain an additional 1.4 billion yuan for its own disposal.

However, with the costs rising sharply and the speed of development slowing down, the question of how to maintain its usual standard of revenue has posed a sizeable challenge for the city. Financial experts have warned that even if the target is fulfilled, it will still be difficult to keep the city's revenue and expenditure balanced because of higher costs.

To deal with the grim economic situation, Shanghai has finally begun a long-expected readjustment of its basic industrial structure.

Mayor Zhu Rongji emphasized that correct policies must be worked out during the economic restructuring, to ensure that priorities are given to products which have great potential for both domestic and international markets.

He said that adequate financing of projects involving basic raw materials related to priority products should also be guaranteed, to ensure beneficial long-term development.

Some economists here have suggested that economic pressure, such as merging or annexing businesses, should be encouraged to replace traditional administrative measures of economic readjustment.

"If price reform is to be postponed under the austerity policy," said Huang Qifan, director of the Shanghai Economic Information Center, "then now is a good opportunity to combine enterprise reform with structural readjustment to prevent the economy from shrinking and lay a solid foundation for future development."

Zhejiang Promotes Science, Technology Exchanges
OW2402195489 Beijing XINHUA in English
0305 GMT 24 Feb 89

[Text] Hangzhou, February 23 (XINHUA)—Scientists in east China's Zhejiang Province have taken an active part in international nongovernmental scientific and technological exchanges in recent years, according to an official from the provincial Association of Science and Technology.

The association is a mass organization of local scientists. Besides exchange, it also holds special discussions, technical studies, technical analyses and on-the-spot surveys of agriculture, water conservancy, energy resources, computers and other high-tech fields.

Since 1982, over 20,000 scientists from the association have exchanged experiences and held academic discussions with over 2,000 foreign scholars from over 20 countries and regions, said Zhu Changle, deputy director of the association.

The exchanges also promote the economic development of the province, the official said. In 1985 the association held a Sino-American chemical and technological exchanges exhibition, during which they signed several contracts encompassing imports and exports, technological transfers and joint ventures.

The association has also signed over 100 contracts with foreign countries including the United States and Britain.

It has sent members to attend international symposiums in foreign countries and also held training classes together with foreigners in Hangzhou.

Meanwhile, an international seed and technology symposium will be held in Hangzhou in November. Over 100 scholars from 32 countries and regions will attend, the official reported.

Factors In Low Zhejiang Birthrate Discussed
OW2202201389 Beijing XINHUA in English
1302 GMT 21 Feb 89

[Text] Hangzhou, February 21 (XINHUA)—Densely populated Zhejiang, in east China has the lowest birthrate of any province in the country.

The birthrate of Zhejiang fell from 30.1 per thousand in the 1960s to 14.7 per thousand in 1982 and its natural growth rate in the same period dropped from 22 per thousand to 8.5 per thousand.

A provincial government official attributes the low birthrate to education in population theory and family planning.

At the end of 1988, 93 percent of couples in the province had no more than two children.

More than 61 percent of the local young people have followed the government's policy of late marriage—at the age of 25 for men and 23 for women.

Central-South Region

Guangdong Appoints 15 New CPPCC Members
HK2302005589 Beijing ZHONGGUO XINWEN SHE
in Chinese 1327 GMT 17 Feb 89

[Report: "Hong Kong's Yao Meiliang and 14 Others Have Been Appointed Additional Members of the Guangdong Provincial CPPCC Committee"]

[Text] Guangzhou, 17 Feb (ZHONGGUO XINWEN SHE)—Mr Yao Meiliang, general manager of the Hong Kong Nam Yuen Trading Company and the Nam Yuen Yong Fang Cosmetic Corporation, has taken up the post of member of the Guangdong Provincial Chinese People's Political Consultative Conference [CPPCC] Committee today. Also appointed as an additional CPPCC member on this occasion was Chen Jun, grand niece of the late Kuomintang founding member, Yu Youren, who is now residing in Mainland China.

Mr Yao Meiliang, who was born in Malaysia, has already invested nearly 100 million yuan in Guangdong since 1986 to develop industry. He is now running a joint venture in Dapu County to produce mineral water as well as the Yong Fang Cosmetic Company in Meizhou City. Moreover, he has donated more than 4 million yuan to finance public welfare facilities in Guangdong, Shanghai, and Beijing.

Ms Chen Jun, 56 years old, is chief engineer at the Eastern South China Sea Oil Company. A total of 15 people were appointed additional members of the CPPCC Guangdong Provincial Committee this time, including Zeng Jinyi, the 69-year-old chairman of the

Guangdong Provincial Committee of the Jiusan Society, and Xie Zhongyu, a 53-year-old private entrepreneur and director of the Guangzhou Jinxiang Electrical Machinery Plant.

During its fifth meeting today, the Sixth Standing Committee of the Guangdong Provincial CPPCC Committee approved the appointment of the 15 above-mentioned new members of the provincial CPPCC Committee.

Guangdong Takes Measures To Increase Power Supply
HK2302055789 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 22 Feb 89

[Text] It has been learned from a provincial conference on power supply, which opened today, that our province, beginning this year, will try to increase power-generating capacity by an average 1 million kw a year. To accomplish this, our province will raise more funds for the power industry in accordance with the principle that investors benefit more than others from newly built power stations. Meanwhile, efforts will also be made to pool resources for the power industry and to strengthen management of power plants by inviting joint ventures and rationalizing power prices.

It has also been reported from the meeting that to make good the shortage of coal, our province is now readjusting the power supply structure. While developing coal-generated power stations, our province will make vigorous efforts to build more hydroelectric power stations, nuclear power plants, and nickel-generated power plants.

Guangzhou Leader Outlines Year's Tasks
HK2402015589 Guangzhou Guangdong Provincial Service in Mandarin 2300 GMT 23 Feb 89

[Text] The Fifth Enlarged Plenary Session of the Fifth Guangzhou City CPC Committee was convened on 23 February. Secretary Zhu Senlin delivered a work report.

Zhu Senlin said: The core tasks for the city this year are to seriously implement the guideline of the 3d Plenary Session of the 13th CPC Central Committee, unswervingly improve the economic environment and rectify the economic order, unswervingly implement the coastal economic development strategy, and succeed in grasping both economic construction and work in the ideological and political field, so as to further stabilize the economy, the markets, people's minds, and society.

In his report Zhu Senlin expressed the hope that the leaders at all levels will regard and grasp increasing effective supply and controlling prices in terms of stabilizing the overall situation as the core tasks in improvement and rectification work this year. We must work in concert and strive to fulfill all the tasks for the year.

Shenzhen Foreign Trade Value Increases
OW2202234389 Beijing XINHUA in English 1548 GMT 21 Feb 89

[Text] Shenzhen, February 21 (XINHUA)—Shenzhen's total volume of export trade reached 1.849 billion U.S. dollars last year, 30 percent over the figure for 1987 and accounting for a quarter of Guangdong Province's total exports according to an official of the Shenzhen Statistics Bureau.

Shenzhen City, China's first special economic zone, now ranks as the country's second-largest exporting city after Shanghai, the official said.

The export volume of industrial products last year reached 4.751 billion yuan, 54.8 percent more than in 1987 and accounting for 53.5 percent of the city's total industrial output volume.

The city authorities have paid great attention to opening international markets. Shenzhen exports goods to over 42 countries and regions, including Japan, the United States, and Britain.

Guangxi Meeting Discusses Propaganda Work Tasks
HK2402031189 Nanning Guangxi Regional Service in Mandarin 1100 GMT 23 Feb 89

[Excerpts] The propaganda, ideology, education, and science leadership group of the regional party committee has held a meeting to listen to a report from the regional propaganda department on education in the situation and arrangements for propaganda work this year and to discuss how to conduct this education in the urban and rural areas. Comrade Li Zhenqian chaired the meeting. Comrade Chen Huiguang spoke on how to launch education in the situation and on other issues. [passage omitted]

The meeting pointed out that launching education in the situation actually means conducting reeducation for the party members and masses in the 13th party congress line and in the general guideline and policy of reform and opening up. This is the main task in propaganda work this year. The party committees at all levels must devote still more effort to conducting education in the situation. This is the most specific and practical ideological and political work. [passage omitted]

Henan Leader Stresses Monetary Issues
HK2402023789 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 23 Feb 89

[Excerpts] Despite the morning snow, the provincial people's hall presented a lively scene on 23 February, as city mayors, prefectural commissioners, and the managers of provincial, prefectural, city, and county banks, totaling 1,000 persons, gathered to discuss the province's

monetary work for this year. Hu Xiaoyun, deputy secretary of the provincial party committee and vice governor, spoke on behalf of the provincial party committee and government. Governor Cheng Weigao also attended and spoke. [passage omitted]

Hu Xiaoyun pointed out that in its monetary work this year, the province must strictly control money and credit supply and strive for monetary stability. It is essential to ensure the effective supply of capital during the retrenchment, to promote the steady development of the economy. In saying that we must continue to tighten our belts, we do not mean that everything should be strangled to death; we must base our work on the actual conditions and apply the belt-tightening policy in conjunction with reality. [passage omitted]

Hunan Governor on Surmounting Industry Problems
*HK2502014789 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 24 Feb 89*

[Text] At the sixth provincial conference on technical progress in the enterprises, which concluded on 24 February, Acting Governor Chen Bangzhu called on the leaders at all levels and the comrades of the industry and communications departments to brace their spirits, unite in concert, and work together to tide over the difficulties in the current rigorous situation, when many problems exist in industry and communications.

Chen Bangzhu said: The general situation in the province is good. Improvement and rectification have yielded initial results. However, at present there are many difficulties and we are facing a grim situation. In industry and communications, there are shortages of energy, capital, raw materials, transport, and foreign exchange, and there is also some mental wavering among the staff and workers. In January, industrial growth dropped and financial revenue declined.

In the face of the difficulties, first, the leading cadres at all levels must brace their spirits and establish confidence in overcoming the difficulties and improving our work. Second, we must work hard to make readjustments. We must improve effective supply and cut projects that yield poor economic returns. Through readjusting the product mix, we should compel the enterprises to switch from extensive to intensive operations and compel the province's industrial economy to switch from stressing growth rate to stressing economic returns.

Third, all departments must practice close cooperation. We must guard against mutual complaint and counteraction, so as to work in concert to overcome the difficulties.

Chen Bangzhu said that many current problems in the enterprises can only be resolved through deepening the reforms. The important thing in tackling reforms within the enterprises is to consolidate the fruits of reform

already gained. As far as the enterprises' external conditions are concerned, we must persevere in the Enterprise Law and act according to it, so as to create a very good external environment for the enterprises.

With regard to the rumor that the provincial economics commission structure is to be reformed, Chen Bangzhu reiterated that neither the structure nor the functions of these commissions will be changed. He expressed the hope that the economic commissions at all levels will continue to work hard and take charge of the things that they should manage. The industrial and communications departments and bureaus and the economics commissions at all levels should work with ease of mind and not allow such things to affect their work.

Hunan Takes Measures to Ease Money Shortage
*HK2302102289 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 22 Feb 89*

[Text] In order to ease the present money shortage and regain the initiative in monetary work, the provincial government has decided to adopt five policy measures to invigorate financing.

The five policy measures are as follows:

1) Under the control of a national credit plan, all types of specialized banks should guarantee, according to their professional division of work, the supply of money to some key enterprises that should be protected. The People's Bank of China at different levels must strengthen its work of transferring and regulating funds in the light of all key enterprises that are protected by all types of specialized banks. These key enterprises must be made known to each level of the banks, and particularly to the banks in which they have opened an account.

2) Savings must be encouraged by every possible means to expand the source of funds. In March, an activity named Patriotic Savings Month will be unfolded throughout the province. Presidents of banks at different levels must take the lead in promoting bank savings. All banks must transfer one-third of the administrative staff from their administrative departments down to the frontline to encourage bank savings to change as soon as possible the situation in which savings deposits from enterprises are declining.

3) The structure of loans must be readjusted to grant loans to key enterprises.

4) The monetary order must be rectified in an effort to revive the prestige of banks. Channels for the settlement of accounts must be opened so that the abnormal phenomenon in which enterprises are behind in payment with each other [words indistinct] and use funds of each other will be put to an end. Meanwhile, the situation in which enterprises open accounts in many banks must be changed.

5) It is necessary to strengthen macroeconomic management and regulation and control over loans, tighten controls over fund-raising in society, and strictly control capital outflow. Without the approval of the People's Banks, enterprises are not allowed to raise funds in society, and banks at the county and city levels are not allowed to collect funds from other provinces without approval.

Hunan Radio, Television Work Conference Opens
HK2402061589 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 23 Feb 89

[Excerpts] The 13th provincial radio and television work conference opened in Changsha yesterday morning.

In the spirit of the national broadcasting and television work conference held last October, the meeting will seriously review the work of the past 5 years and make clear the tasks for the next 5 years. It calls for inspiring enthusiasm, deepening the reforms, and developing broadcasting and television of our province with steady steps.

Attending are directors of broadcasting and television bureaus at the prefectural, city, and county levels; the deputy party secretary, the vice mayor, and the propaganda department head of Changsha City in charge of radio and television work; and responsible persons of the departments concerned directly under the provincial authorities. [passage omitted]

Yesterday afternoon, provincial party committee Deputy Secretary Liu Zheng attended the meeting and delivered an important speech.

At yesterday morning's session, provincial Broadcasting and Television Office Director Yang Shifeng delivered a work report entitled: Inspire Enthusiasm, Deepen the Reforms, and Develop Broadcasting and Television With Steady Steps. He first reviewed achievements in the broadcasting and television work of our province in the past 5 years. [passage omitted] He pointed out: Thanks to the efforts of the past 5 years, a broadcasting and television network including large, medium-sized, and small stations has been formed in our province, with the help of a transmitting network consisting of microwave stations, relay stations, and ground satellite stations. [passage omitted] He also noted that in the next 5 years, the first channel of the provincial television station will reach 90 percent of the province's population, the first channel of the provincial broadcasting station will reach 80 percent, and the radio rediffusion network over 70 percent.

In his speech, provincial party committee Deputy Secretary Liu Zheng fully affirmed the successes that our province has achieved in its broadcasting and television work in recent years. He also set demands on this year's radio and television work, stressing that we must have a

correct understanding of the present situation and conduct current affairs education well. He pointed out: It is necessary to further implement the spirit of the 3d Plenary Session of the 11th CPC Central Committee and of the 13th CPC National Congress; to give wide publicity to reform; to make the literature and art programs and other programs a success by adhering to the two-for [as heard] policy and the double-hundred policy; and to strengthen the work of presenting commentaries and publicizing theory by paying attention to the major theme of the times, giving prominence to the subject of reform, and sticking to Marxist theory, including the theory relating to the initial stage of socialism. Meanwhile, it is necessary to inspire national spirit, enhance national pride and self-confidence, and increase the cohesiveness of the entire nation by holding aloft the banner of patriotism and socialism so as to cultivate a new social mood.

The meeting is expected to end on 27 February.

Southwest Region

Guizhou People's Congress Session Opens
HK2602012589 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 25 Feb 89

[Excerpts] The Second Session of the Seventh Guizhou Provincial People's Congress opened in Guiyang on 25 February. [passage omitted] The opening ceremony was attended by Guizhou Provincial CPC Committee Secretary Liu Zhengwei; Deputy Secretaries Wang Chaowen and Long Zhiyi; provincial Advisory Commission Chairman Su Gang; provincial Discipline Inspection Commission Secretary Liu Hanzhen; provincial party committee Standing Committee member Hu Kehui; Vice Governors Zhang Shuhui, Liu Yulin, Zhang Yuqin, and Gong Xianrong; and provincial CPPCC Chairman Miao Chunting. [passage omitted] Also present were Guizhou Military District Commander Jiao Bin and Political Commissar Kang Huzhen. [passage omitted]

Governor Wang Chaowen delivered a work report on behalf of the provincial people's government. While affirming the achievements of last year, he mentioned the difficulties and problems in practical life. The most conspicuous of these are: 1) Prices have not yet been effectively controlled and the range of increase has expanded. 2) Investment in agriculture is insufficient and grain production plans have not been fulfilled; the gap between supply and demand has widened. 3) There are many social order problems. 4) The population has grown too fast. 5) There are some serious phenomena of corruption in the government organs, which have damaged the interests of the state and the masses.

Wang Chaowen proposed 12 tasks to be tackled well this year: 1) Strengthen the foundation status of agriculture and vigorously develop grain production. 2) Centered on improving economic returns, ensure the fulfillment of the industrial production plans. 3) Do a good job in

retrenchment and readjustment, to boost the reserve strength for economic development. 4) Strictly control prices, tangibly improve market supplies, and make proper arrangements for people's daily life in the urban and rural areas. 5) Do a good job in financial and monetary work in accordance with the principle of two retrenchments, to ensure basic balance in finances and credit. 6) Vigorously develop science, technology, and education, and promote economic development by relying on the progress of science and technology and on improving the quality of the laborers. 7) Strictly control population growth and strengthen environmental protection and land management. 8) Do a good job of carrying out a set of matching reforms with the focus on internal reforms in the enterprises. 9) Further expand the effort to open up to the world and continue to promote external economic and technological cooperation. 10) Do a good job in comprehensively tackling social order problems, to create an excellent social environment for improvement and rectification. 11) Step up work in the ideological and political field and promote the building of spiritual civilization. 12) Strengthen the building of the government itself and continually improve government work. [passage omitted]

In his report, Governor Wang Chaowen said that the province's rural economy maintained momentum in development last year despite 4 successive years of natural disasters. Total social output value in the rural areas rose by 3.3 percent, while agricultural output value rose by 1.8 percent and output value of the township and town enterprises increased by 19.4 percent. The province's financial expenditure in supporting agriculture rose by 14.4 percent. [passage omitted]

Production declines were recorded in grain and rapeseed, but output of other major agricultural products rose. Cured tobacco production rose by 291,500 tons, a 37.6 percent increase and a record.

The province's industrial production rose steadily last year amid structural readjustments. In the face of energy, transport, capital, and raw materials shortages, the industrial management departments strengthened production allocation and coordination services, while the production enterprises overcame difficulties, tapped potentials, and boosted output of products with a ready market. Industrial output value rose by 17.1 percent. [passage omitted]

Governor Discusses Agriculture

HK2802051789 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 27 Feb 89

[Excerpts] In his government work report to the second session of the seventh provincial People's Congress, Governor Wang Chaowen pointed out that effectively strengthening the foundation status of agriculture and vigorously developing grain production is the primary task in economic work this year. He proposed seven measures for developing grain production:

1. Ensure the sown area. This must be kept steady at 36 million mu. It is also necessary to build marketable grain bases.

2. Increase agricultural investment. This year the province will invest 11.8 percent more than the readjusted budget figure for last year. In the next few years agricultural investment at all levels can only be increased, not reduced.

3. Strengthen the management and construction of water conservation facilities. [passage omitted]

4. Popularize advanced science and technology in agriculture. The province plans to grow 4.5 million mu of hybrid rice and 4 million mu of hybrid corn. Cultivation of maize under plastic sheeting will be undertaken on 600,000 mu.

5. Step up the production and supply of agricultural production materials. This year the province plans to produce 429,300 tons of chemical fertilizer, 1.5 percent more than last year. The province and the localities will also assign some foreign exchange to increase imports of agricultural materials, so as to boost supplies of pesticide and plastic sheeting.

6. Further deepen the rural reforms and stabilize and perfect the household contracted responsibility system with payment linked to output. [passage omitted]

7. Strengthen leadership over agricultural production. The provincial party committee and government have decided to transfer 5,000 cadres from the organs to the rural areas. [passage omitted]

Guizhou Propaganda Meeting Outlines Tasks

HK2602014389 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 25 Feb 89

[Excerpts] A provincial propaganda work conference that concluded on 25 February proposed that the general guiding idea for the work this year is: to seriously implement the guideline set by the central authorities on grasping the development of socialist commodity economy with one hand and work in the ideological and political field with the other; to give full scope to the party's political strong point; to publicize and implement in depth the principles and policies set by the 3d Plenary Session of the 13th CPC Central Committee; to unify understanding; and to create a favorable environment of social opinion for improvement, rectification, reform, and development, so as to ensure the smooth progress of construction and reforms.

The meeting held that the main task in propaganda work in the province this year is to get a good grasp of education in the situation, to guide the cadres and

masses to understand the 10 years of reform, see the achievements, and correctly view the current problems and difficulties, so as to unswervingly press ahead with reforms. [passage omitted]

Provincial party committee Secretary Liu Zhengwei and Deputy Secretary Ding Tingmo made reports at the meeting. (Tang Zheng), director of the propaganda department, delivered a summation.

Sichuan Sets 1989 Grain Production Target

HK2502011589 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 24 Feb 89

[Excerpt] The provincial party committee and government recently proposed the general targets for the province's grain production this year: Ensure an output increase of 1 billion kg, strive for an increase of 1.5 billion kg, and achieve total output of 40 billion kg.

The agricultural bureau chiefs of the prefectures, cities, and counties recently held a 4-day discussion meeting in Chengdu on the question of how to achieve this target. They decided to stabilize the sown area, improve yields, expand double-cropping, make big efforts to raise dryland grain output, and rely on science and technology to ensure the fulfillment of plans. This was the central item on the agenda of the meeting, which was convened by the provincial agricultural department. [passage omitted]

Sichuan Reports Serious Railroad Travel Problems

HK2702051789 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 26 Feb 89

[Text] In recent days, an uncontrollable flood of people leaving Sichuan has been swarming onto the main railroad lines out of the province. All passenger trains leaving the province are packed tight. Vast numbers of travelers are hanging around and piling up at the main railroad stations, hampering normal operations. A few people even smash the station doors and windows, attack the trains with stones, and so on. The Chengdu Railroad Subbureau therefore appeals to all sectors of society to actively assist the railroad departments in controlling the ever-increasing number of passengers. It also hopes that those awaiting trains will obey the directions of the railroad personnel, observe good order, and maintain railroad safety.

Since the Spring Festival, vast numbers of people have been leaving the province for elsewhere, and the duration of the flood of travelers is unprecedented. According to statistics from the Chengdu Railroad Subbureau, over 100,000 passengers have left the city on 8 days since the Spring Festival, double the number of days this occurred during the same period of last year. By 25 February, the subbureau had transported over 3 million people during the festival period. The numbers leaving the province have been particularly heavily concentrated; the numbers leaving Chengdu railroad station alone were 22.2 percent up on the corresponding period of last year.

The following are the main reasons for the increase in the number of travelers: Large numbers of laborers and labor personnel are on the move out of the province. According to an investigation of laborer travelers conducted by the departments concerned, a total of 690,000 laborers have been exported from parts of Sichuan. At Chengdu station, apart from planned and organized laborers leaving Sichuan with proper procedures completed, there are large numbers of unorganized laborers and labor personnel who have swarmed to the railroad. At large stations such as Chengdu, Mianyang, and Guangyuan some 30,000 laborers are gathering every day, most of them heading for the northwest.

What is noticeable is that it has been necessary to turn many passengers away recently. Many passengers, repeatedly unable to board trains at Rongchang, Zizhong, Mianyang and other stations, have surrendered their tickets and traveled to Chengdu by road to start their train journeys again. The limited transport capacity means that the railroad is facing serious overloading. The capacity of the Chengdu Railroad Subbureau is only sufficient to carry 35,000 passengers a day from Chengdu station, and although the subbureau has done everything possible to tap potentials and expand its capacity by running 22 extra trains to carry 30,000 passengers, it is still far from meeting the demand.

Hence, exporting labor in a planned and organized way and curbing the blind outflow of labor, as well as ensuring normal railroad operations, has become an urgent task that should arouse the full attention of the local government departments at all levels.

Tibet Armed Police Meeting Sets Tasks

HK2702005789 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 26 Feb 89

[Text] An enlarged meeting of the party committee of the Tibet Chinese People's Armed Police was convened in Lhasa on 25 February. Leading comrades including Gyanincain Norbu, deputy secretary of the regional party committee, were invited to the meeting.

The meeting applied the spirit of the seventh enlarged plenary session of the third regional party committee to unify people's understanding and thinking and defined the main tasks of the people's armed police in Tibet this year as follows:

1. Conduct thorough education in the current situation and bring the thinking of the cadres and fighters into line with the spirit of the 3d Plenary Session of the 13th CPC Central Committee. The focus must be on resolving problems of thinking and understanding among the cadres and fighters.

2. Readjust and reform the staffing setup, harmonize the relationships, and comprehensively resolve problems of looseness, laxity, and confusion.

3. Get a good grasp of building the mobile units, and deepen reforms in carrying out duties and training, to improve the units' military and political qualities, adaptability, and duty capability.

4. Do a good job from beginning to end in implementing the 3-year plan for building up the grass roots and further improve weak links in this work.

5. Thoroughly implement the three regulations on cadre work, correct the leadership style, improve work methods, and get a good grasp of building the cadre force.

6. Do a good job in reforming logistics, straighten out production operations, and increase the vitality in logistics and supply work.

Yunnan Reports Improved Grain Harvest

HK2602052189 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 25 Feb 89

[Excerpt] According to YUNNAN RIBAO, despite serious natural disasters last year, the rural cadres and masses adopted effective measures to combat the disasters and reaped a good grain harvest. Grain output was 9.405 billion kg, an increase of 50 million kg over 1987. [passage omitted]

North Region

Li at Beijing Technicians Commendation Rally

SK2402054289 Beijing BEIJING RIBAO in Chinese 2 Feb 89 p 1

[Excerpts] At the commendation rally cosponsored by the municipal party committee and the municipal government on 1 February, 210 specialized technicians happily accepted certificates of honor issued by the municipal government naming them "specialists in scientific and technological management with outstanding contributions."

On behalf of the municipal party committee and the municipal government, Li Ximing, secretary of the municipal party committee, extended warm greetings and lofty respects to the specialists, and called on all specialized technicians throughout the municipality to learn from the specialists with outstanding contributions and to study their rigorous work style of conscientiously and meticulously handling their work and seeking truth from facts, their enterprising spirit of bravely scaling new heights in science and technology and diligently striving for new things, and their spirit of sacrificing themselves for realizing the four modernizations and rejuvenating China. [passage omitted]

The municipal party committee and the municipal government decided to award the specialists with outstanding achievements by raising their wages from one to three grades respectively and giving them extended holidays and a physical examination every year.

Lu Yucheng, vice mayor of the municipality, made a speech at the forum. Attending the rally were Chen Xitong, mayor of the municipality; Zhao Zongnai, deputy director of the Organizational Department of the CPC Central Committee; Zhang Hanfu, vice minister at the Ministry of Personnel; Li Qiyan and Wang Jialiu, deputy secretaries of the municipal party committee; Yuan Liben, member of the Standing Committee of the municipal party committee; and Chen Guangwen, director of the organizational department of the municipal party committee.

Beijing's Li Ximing Extends Festival Greetings

SK2402055289 Beijing BEIJING RIBAO in Chinese 3 Feb 89 p 1

[Text] On 2 February at the Shoudu Theater, the municipal party committee, the municipal People's Congress Standing Committee, the municipal government, and the municipal Committee of the Chinese People's Political Consultative Conference [CPPCC] cosponsored a meeting to convey greetings and say Happy Spring Festival to the staff and workers on all fronts of the municipality.

Attending the meeting were Li Ximing, secretary of the municipal party committee; Chen Xitong, mayor of the municipality; Li Qiyan and Wang Jialiu, deputy secretaries of the municipal party committee; Wang Xian, chairman of the municipal Advisory Commission; Meng Zhiyuan, secretary of the municipal Discipline Inspection Commission; Zhao Pengfei, chairman of the municipal People's Congress Standing Committee; and Bai Jiefu, chairman of the municipal CPPCC Committee. In his speech, Mayor Chen Xitong extended Spring Festival greetings to the staff and workers on all fronts of the municipality, thanked them for their contributions to the capital's construction over the past year, and urged them to work unswervingly and to make greater achievements in the new year.

Attending the meeting were more than 1,200 people, including representatives from the municipal education, urban construction, civil administrative, commercial and trade, city proper, political and legal, propaganda, industrial, and agricultural departments, trade union councils, Communist Youth League organizations, and women's federations.

Also attending the meeting were municipal leaders, including Wang Guang, Li Jinmin, Li Zhijian, Zhang Jianmin, Yuan Liben, Ma Yaoji, Li Guang, Rong Yi, Feng Mingwei, Guang Shixiong, Xia Xiang, Xu Jialu, Zhu Chenyu, Kan Guanqing, and Gan Ying.

Following a brief 12-minute Spring Festival celebration speech by municipal leading comrades, the Beijing people's art troupe gave modern drama performances.

Beijing Literary, Art Congress Opens

SK2402092089 Beijing BEIJING RIBAO in Chinese
30 Jan 89 p 1

[Text] The fifth congress of the Beijing Municipal Federation of Literary and Art Circles ceremoniously opened on 29 January in a lively, harmonious, and unified atmosphere.

Since the fourth congress of the municipal Federation of Literary and Art Circles in 1980, the vast number of literary and art workers across the municipality have created a large number of fine, exquisite spiritual products for the people; helped large groups of outstanding literary and artistic talents to mature; contributed to enlivening socialist literature and art; and enjoyed a reputation at home and abroad through responding to the pulse of the times, emancipating their minds, radiating revolutionary enthusiasm, and working arduously and with a high sense of responsibility to society.

More than 300 representatives from literary and art circles gathered happily under the same roof today to review the work done in the past and to look forward to the future. Ruan Zhangjing, vice chairman of the municipal Federation of Literary and Art Circles, presided over the opening ceremony.

In his opening speech, which was read for him, Cao Yu, chairman of the municipal Federation of Literary and Art Circles, who was absent because of illness, enthusiastically reviewed the achievements made by the municipal literary and art circles over the past 8 years and expressed the determination of the vast number of literary and art workers to continuously create literary and artistic works for the times and the people. His opening speech received warm applause.

On behalf of the municipal party committee and the municipal government, Li Ximing, secretary of the municipal party committee, made a congratulatory speech to the congress.

While touching on the municipality's literary and artistic work over the past 8 years, he maintained: The 8 years after the fourth congress of the municipal Federation of Literary and Art Circles was an age of ideological vitality, fruitful results, and talented personnel for our municipal literary and art front since the founding of the PRC. From now on, our literary and art front should hold high the great banner of patriotism and socialism, carry forward the spirit of socialist humanitarianism, and work unswervingly to realize socialist modernization. I hope that all this is regarded as the main melody of literary and artistic creation.

In his speech, Li Ximing urged that literary and artistic workers across the municipality should link their personal pursuit of art with the great goals of reform, opening up to the outside world, and the four modernizations; the ideal of the nation; and the aspirations of

the people. He said that they should take Mr Lao She as an example, care for and manifest Beijing, and enthusiastically create even more works that reflect the essence of reality and that expose the details of life.

Participants in the congress care about how to create a democratic and harmonious environment and atmosphere according to stable policies. To this end, Li Ximing pointed out, we must depend on the efforts of leaders at various levels and all literary and artistic workers to solve this question.

We must understand comprehensively and accurately and implement the party's principles and policies, and persist in "a central link and two basic points." The orientation of "serving the people and socialism" is integrated with and inseparable from the principle of "letting a hundred flowers blossom and a hundred schools of thought contend." Our party has advocated freedom of creation for many years. Writers and artists are allowed to bring into full play their own originality in terms of what and how they write. We must not equate freedom of creation with bourgeois liberalization to negate and abolish freedom of creation just because of the minor mistakes in creation. Nor can we mistake freedom of creation for elimination of literature and art's social significance and responsibility. We should make appropriate estimates of the social functions of literary and artistic works and should analyze and treat the questions of truth and falsehood in the literary and artistic field according to the principle of seeking truth from facts. We should advocate competition in creating works of different styles, different forms, and different schools; theoretically encourage different viewpoints and freely dispute literary and artistic questions; and advocate criticism and counter-criticism according to scientific methods and the principle of seeking truth from facts.

He especially emphasized: Improving and strengthening leadership over literary and artistic undertakings is an important guarantee for vitalizing literature and art. The party exercises its leadership over literary and artistic work by offering political principles and orientation instead of taking on the specific affairs of literary and art circles. We should become less involved in specific questions of literary and artistic creation and works. We should have democratic, equal, and comradely discussions or conduct criticism and self-criticism to appraise literary and artistic works, to correct inaccuracies, to advocate accuracy, to resist negative and harmful things, and to gradually seek a correct understanding. I hope that this congress will become a meeting to promote unity and reform and to vitalize creation.

On behalf of the China Federation of Literary and Art Circles and the Chinese Writers' Association, Wu Zuqiang, vice chairman of the federation and secretary of the leading party group of the federation, and Ge Luo, member of the secretariat of the association, respectively, made congratulatory speeches at the opening

ceremony. Also making congratulatory speeches at the congress were representatives from the Beijing Municipal Federation of Trade Unions, the municipal Communist Youth League Committee, the municipal Women's Federation, and the municipal cultural, press, publication, and radio and television departments.

Also present at the congress were leaders of the municipal party committee, the municipal government, and municipal Committee of the Chinese People's Political Consultative Conference, including Chen Xitong, Wang Jialiu, Bai Jiefu, Wang Guang, Li Zhijian, Yuan Liben, Li Luli, and Feng Mingwei. Liang Guangdi, director of the literary and art bureau under the Central Propaganda Department, also attended the opening ceremony.

Li Ruihuan Visits Tianjin Rural Areas

SK2402124889 Tianjin TIANJIN RIBAO in Chinese
1 Feb 89 p 1

[Text] From 30 to 31 January, municipal leading comrades, including Li Ruihuan, secretary of the municipal party committee and mayor of the municipality, went deep to the rural areas to examine the work of helping the poor and to hold heart-to-heart talks with the peasants. They visited some poverty-stricken households. Seated on heated brick beds, the leading comrades chatted with villagers and asked about their health with deep concern. The municipal leaders were very glad to know that the rural areas' five trades are flourishing, that the masses live and work in peace and contentment, and that the vast number of poverty-stricken households are satisfied with the policies the municipal party committee and the municipal government have formulated to support them. Li Ruihuan set forth important opinions on how to make town and township enterprises gain the motive force to promote agricultural production, on the relationship between letting a group of people become rich ahead of others and seeking common wealth, on developing education, on achieving family planning, and on improving public order. He also decided that the municipal government will immediately allocate another 200,000 yuan in livelihood subsidies to the poverty-stricken households in the five counties. He urged all county and township governments to pay special attention to the poverty-stricken households, including the revolutionary martyrs and their families, widowers, widows, orphans, and the childless, and to express sympathy and solicitude for them before Spring Festival so as to ensure that the vast number of people in the municipality's urban and rural areas would have a pleasant Spring Festival.

Together with responsible persons of relevant departments, municipal leading comrades, including Li Ruihuan, Mao Changwu, Lu Huansheng, Wang Liji, and Wang Fengyou, successively visited the villages where dwellers had moved from other places because of the construction of the Yuqiao and Wangzhuang reservoirs several years ago, including Yongchun village in Jixian

County's Sungezhuang township, Chuanfangyu township's Dajuge village, Xiaozhuanghu village, and Huanghuadian village in Baodi County's Erwangzhuang township. In Huanghuadian village, Li Ruihuan paid early Spring Festival calls on villagers who gathered around him. With deep concern he asked them whether or not they had bought meat and prepared white flour for Spring Festival. After hearing satisfactory answers, he also asked them whether or not they had cotton-padded clothes. A villager lifted his coat to show the edge of his new cotton-padded jacket and said: "I am wearing a cotton-padded jacket thanks to the arrangement of the government." All burst into laughter. Li Ruihuan said: The people in the reservoir areas made great sacrifices so that the people in Tianjin would have water to drink. You supported our work. We should help you with your living problems. After hearing Mayor Li's words, the villagers felt warm and successively expressed that they would rely on their own efforts to become richer.

Li Ruihuan went to Zhao Xicheng's new house in Yongchun village of the Jibei mountainous area. After touching the thick bedclothes on the heated brick beds and seeing the ample grain storage and the white flour steamed cakes in the pot, he felt assured and smiled. He also heard the opinions of a villager on the street and called on county and township governments to conscientiously conduct investigations and solve the problems according to the principle of seeking truth from facts.

Li Ruihuan visited two brothers, Meng Qinggen and Meng Qingxing, in Dajuge village. He praised the elder brother—Meng Qinggen—and his wife for becoming rich through relying on education and knowledge and through industrious labor. At the same time, he showed greatest concern about the younger brother Meng Qingxing's living difficulties because of illness and lack of labor force. He told the county, township, and village cadres present that they should set their sights on the poverty-stricken households, show concern for and give special treatment to these families, and particularly try every possible means to have them spend their Spring Festival comfortably. Handling the relationship between letting a group of people become rich ahead of others and seeking common wealth is a matter of principled importance. Letting a group of people become rich ahead of others is an essential way to seek common wealth. However, we must clearly understand that seeking common wealth is our goal because China is a socialist country under the leadership of the Communist Party. It is necessary to help poor villages and households develop production and embark on the path of wealth. After visiting new residential quarters for the peasants in Dachen village of Ninghe County's Dongzhuang township, Li Ruihuan said that we should encourage the people who become rich ahead of others to care for and help poverty-stricken households.

Li Ruihuan was very interested in the fact that two men are living with their wives' families in Xiaozhuanghu village. He was very glad to see that these two families

are living in harmony and told the elderly men with a smile that it looks like a good daughter is better than a lazy son. All the people burst into laughter after hearing his words. Li Ruihuan also asked a reporter beside him to disseminate the advantages of a man living with his wife's family because it is of great significance in ensuring social stability and family planning work. We should eliminate the old feudalist idea that a man will lose face if he lives with his wife's family, should warn the people with old ideas of discriminating against those who live with their wife's family, and should provide legal protection for men who live with their wife's family. Li Ruihuan also visited Wang Yanzhi, an 84-year-old childless woman, and wished her a happy Spring Festival. He also called on responsible comrades of all counties to take into consideration the livelihood of widowers, widows, orphans, and the childless and encouraged young people to pay festive calls to them and do good deeds for households that are having difficulties.

Li Ruihuan showed great concern for the rural areas' public order. He was very pleased with the good situation in public order wherever he went, and said: This is an important guarantee for social stability and economic vitality. Leaders at various levels should continuously exert great efforts to attend to this work. Particularly during the Spring Festival days we should resolutely investigate and ban gambling. Gambling can harm both others and ourselves. It interferes with public order and has no end of trouble for the future. So, gamblers should strictly be punished if discovered.

Municipal leaders, including Li Ruihuan, also inspected a village-run farm in Jixian County's Sungezhuang township and the tourist tent plant in Baodi County to understand their production and management situation. Municipal leaders praised the farm and the plant for bringing into play their functions to help local peasant households extricate themselves from poverty and seek wealth. He said: Town and township enterprises should emphasize studying how to effect development and how to solve problems of developing industry to aid agriculture and sideline occupations. Town and township enterprises should hire their workers from among the rural areas' surplus labor forces. Instead of obstructing agricultural development, town and township enterprises should become motive forces and pillars to promote agricultural development. With this kind of mechanism, we will have a reliable guarantee for promoting agricultural production.

Li Ruihuan also visited the teachers and students of Baodi County's Wanjiashuang primary school and the first county vocational middle school, extended festive greetings to them, and encouraged them to upgrade their teaching quality and dedicate themselves to promoting the construction of villages and towns.

Tianjin's Li Ruihuan at Public Servants Meeting
SK2402083489 Tianjin TIANJIN RIBAO in Chinese
2 Feb 89 p 1

[Excerpts] Heping District held an entirely new sort of meeting yesterday—a meeting chaired by the people's supervisors to drape red silk over the shoulders of and pin flowers on the breasts of the 10 best public servants as a citation. These public servants were elected by the 500,000 people throughout the district. In face of this unusual and new event, Mayor Li Ruihuan said emotionally: What is the best honor? The people's awards are the best honor. [passage omitted]

Municipal leading comrades, including Li Ruihuan, Liu Jinfeng, Wang Xudong, Huang Yanzhi, Shi Jian, Li Changxing, and Fang Fengyou, attended the meeting to extend congratulations and sat together with the 10 best public servants to talk cordially to and encourage one another. This excited the awardees even more. The elderly man Li Wenxuan said emotionally: "I am a party member. I will always cherish the title of Communist Party member. As long as I have energy, I will display my enthusiasm and will struggle for the party's cause for the rest of my life. Over the past few years, Tianjin Municipality's leaders at all levels have put their hearts and energy into Tianjin's undertakings in trying to help the people live a secure and happy life. Viewing the present situation and recalling the past, we recognize that the great changes in Tianjin are fully imbued with their painstaking efforts. They are the best public servants. Our Mayor Li Ruihuan in particular deserves this name." As he said this, he stood up and took off his red silk and flowers for the people's public servants and put them on Li Ruihuan. At that moment, the entire meeting hall resounded with stirring applause and understanding laughter.

Li Ruihuan did not expect the elderly man Li Wenxuan's act. He said: I have attended many award meetings, during which cadres presented awards to the masses. But today the masses have elected cadres and given awards to them. This is a new event indeed. The 10 best public servants chosen are the most respectful persons. It is the best honor to be commended by the people.

Li Ruihuan continued: To be commended by the ordinary people is our highest award. The people are most respectful and lovely. All strength and wisdom exist among the people. We have merely done something within our ability that is in accordance with the people's wishes. The masses are the driving force to promote the development of history. Any person who loses the masses cannot stand still, not to mention run the country well or stabilize the social situation. We have often said that cadres are people's public servants and the masters of our country. Today's activity truly reflects the people's status as masters of their own affairs. Popularizing today's way of doing things down to the lower levels is precisely the essence and the most important content of political structural reform.

Li Ruihuan also said that Tianjin's good situation was the result of the common efforts of the people in Tianjin. He said: The key to maintaining such a good trend lies in whether our cadres can act as the "10 best public servants" and whether they can do solid things for the people wholeheartedly, painstakingly, and unswervingly. To enable more of the best public servants to come into being, the broad masses of people must act as the people's supervisors of Heping District and must regularly supervise, criticize, encourage, and commend public servants at all levels. As long as we achieve this, Tianjin's situation will improve. Li Ruihuan's remarks touched the people's hearts. The people nodded their heads in consent. [passage omitted]

Li Ruihuan at Tianjin Veteran Cadres Gathering
SK2402071489 Tianjin TIANJIN RIBAO in Chinese
4 Feb 89 p 1

[Excerpts] On the evening of 3 February, the municipal party committee and government held a 1989 Spring Festival soiree for veteran cadres at the Cadres' Club. More than 1,000 veteran comrades happily gathered together to usher in the Spring Festival. Li Ruihuan, secretary of the municipal party committee and municipal mayor, wished the retired veteran comrades throughout the municipality good health, a Happy Spring Festival, and a happy family.

The Cadres' Club was brightly lit, and filled with laughter. Veteran comrades, in high spirits, warmly shook hands, and extended greetings to each other.

Before the performance began, Liu Jinfeng, deputy secretary of the municipal party committee, on behalf of the municipal party committee, Advisory Commission, People's Congress Standing Committee, government, CPPCC Committee, and Discipline Inspection Commission, extended festival greetings to the veteran comrades present at the soiree and to all retired cadres throughout the municipality, and expressed heartfelt gratitude to the veteran cadres for their support to the comrades working on the forefront.

Full of deep emotion, Li Ruihuan gave an impromptu speech. He said: When reviewing last year's achievements, all our comrades working on the forefront felt that these achievements could be attributed to the great number of veteran comrades with noble character, high prestige, and rich experiences, who had steered the boat, suggested ways and means, and exerted efforts for us. Availing myself of this opportunity, I, on behalf of all the comrades on the forefront, extend high respect and sincere thanks to the veteran comrades. In the new year, we will face new situations, new tasks, new problems, and new difficulties. We will pledge to the veteran comrades that all comrades working on the forefront will do all they can to make the work in various fields of Tianjin more successful in line with the requirements of the party Central Committee. We hope that all veteran

comrades will render us more support and help. I believe that in the new year, new progress will be achieved in the work in various fields in Tianjin. [passage omitted]

Zhang Yeping, deputy director of the organization department and director of the veteran cadres bureau of the municipal party committee, presided over the soiree.

Literary and art workers of our municipality staged a colorful performance for the veteran cadres at the soiree.

Present at the soiree were leading comrades, including Wu Zhen, Zhang Zaiwang, Tan Shaowen, Nie Bichu, Wang Xudong, Huang Yanzhi, Zhang Lichang, Lan Baojing, Yang Huijie, Li Yuan, Liu Zengkun, Yu Fujing, Shi Jian, Bai Hualing, Mao Changwu, Li Changxing, Xiao Yuan, He Guomo, Wang Liji, Han Enjia, Hu Xiaohuai, Fang Fang, and Fang Fengyou. Also present were veteran comrades Liu Gang, Wang Enhui, Lu Da, Song Zhenchun, Tan Songping, Li Zhongyuan, Bai Hua, Zhao Jun, Xu Ming, and Zhou Ru.

Li Ruihuan Attends Tianjin Army-Civilian Soiree
SK2402071089 Tianjin TIANJIN RIBAO in Chinese
5 Feb 89 p 1

[Excerpts] The Tianjin municipal 1989 Spring Festival soiree on supporting the Army and giving preferential treatment to revolutionary martyrs and armymen and on supporting the government and cherishing the people was held on the evening of 4 February. Responsible comrades of the party, government, and Army organs of our municipality and representatives from various circles happily gathered to bid farewell to the outgoing year and usher in the new one, and celebrate the Spring Festival together. [passage omitted]

Li Ruihuan, secretary of the municipal party committee, municipal mayor, and first political commissar of the Tianjin Garrison District, gave an ebullient Spring Festival message before the soiree. On behalf of the municipal party committee, People's Congress Standing Committee, government, and CPPCC Committee, he extended New Year greetings to the people and veteran cadres throughout the municipality, to all the commanders and fighters of the Tianjin Garrison District, the Army units stationed in Tianjin and the armed police forces, and to all townsmen of Tianjin who were defending the frontier areas of the motherland, and who were working in all localities across the country. He also expressed heartfelt gratitude and sincere regards to the people in various localities, Hong Kong and Macao compatriots, Overseas Chinese, and friendly people of the world who supported and showed concern for Tianjin's socialist modernization.

Li Ruihuan said: The year 1988 was a most extraordinary year. That year, the people of Tianjin followed the guidelines of the 13th party congress, adhered to the "one central task and two basic points," worked together

in a down-to-earth manner, overcame numerous difficulties, and scored encouraging achievements. The year 1989 is an extremely important year. To fulfill the various tasks for this year, we need to overcome more difficulties and exert greater efforts. We totally believe that the people of Tianjin, who have high political consciousness, will value a hundred-fold the hard-won excellent situation; maintain and carry forward fine traditions; work in unison; make progress actively; and win a greater success in the process of improvement, rectification, and deepening of reform. [passage omitted]

Northeast Region

Heilongjiang Economic Figures Reported SK2402082589 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 22 Feb 89

[Text] Last year our province's gross domestic product, national income, and total industrial and agricultural output value—the three targets which reflected our economic strength—all showed an increase of 8 to 9 percent over the previous year. However, the contradictions between the overall social demand and supply were aggravated. The price hikes were the highest since the founding of the country. This information was learned by our station's staff reporter at a news conference held by the provincial Statistical Bureau on 22 February.

In 1988, our province's gross domestic product was valued at 52.05 billion yuan, an increase of 8.8 percent over the previous year; the national income reached 45.53 billion yuan, an increase of 8 percent over the previous year; and the total industrial and agricultural output value reached 59.7 billion yuan, an increase of 9 percent over the previous year. The annual plans of these three targets were overfulfilled. However, the gap between the overall social demand and supply remained very large. Comparing the province's total purchasing power last year of social commodities with the year's actual purchasing power, the total purchasing power reached 6.23 billion yuan, an increase of 75 percent over the previous year. The excessive price hikes have become a difficult issue in our economic life. The province's general retail price level during the year increased 17.8 percent over the previous year, and the total cost of living index for workers rose by 18.6 percent.

Jilin's He Zhukang Attends Commendatory Rally SK2402122789 Changchun Jilin Provincial Service in Mandarin 2200 GMT 20 Feb 89

[Text] On 20 February, the provincial government held its first provincial rally to name and commend outstanding entrepreneurs. Leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, and the provincial CPPCC [Chinese People's Political Consultative Conference] Committee, including He Zhukang, Zhang Fengq, Huo Mingguang, Wang Zhongyu, Liu Yunzhao, Gu Changchun, Liu Xilin,

and Gao Yan, draped red silk over the shoulders and pinned flowers on the chests of the entrepreneurs, issued them certificates of honor, and happily joined them in celebrating the Lantern Festival.

At the rally, Comrade Gao Yan read the decision of the provincial government naming and commending the entrepreneurs. On behalf of the provincial party committee and the provincial government, Wang Zhongyu extended congratulations to the first group of directors and managers of various factories who were named as outstanding entrepreneurs of the province. He said: Outstanding entrepreneurs are the cream of our age and the vanguard of reform. With a pioneering spirit, they have broken the yoke of traditional ideas, helped accelerate the transition from production type enterprises to production and managerial type enterprises, helped mobilize the initiative and creativity of workers and staff members, and helped develop productive forces. As an example of improving enterprise management, they have applied advanced managerial science to the practice of production, contributed to improving the quality and managerial expertise of enterprises, and set an example for the many enterprises. Therefore, training and building a mighty contingent of outstanding entrepreneurs is an ongoing task of governments and economic departments at all levels. This rally marks the first time our province has commended a group of outstanding entrepreneurs. In future, this work should be carried on in order to achieve success in training and fostering outstanding entrepreneurs.

Wang Zhongyu hoped that these entrepreneurs would fully tap the internal potential of enterprises in this new year and would strive to overcome difficulties currently existing in industrial production in order to ensure the fulfillment of various production targets as well as the goals of increasing production, practicing economy, increasing revenues, and cutting expenditures. He added: These entrepreneurs should reach a new level of improving enterprise management, constantly raise labor productivity, and use the limited resources to develop production. They should continue to improve and develop the contract system; attend to the supportive reforms of enterprises; improve the mechanisms of independent management, self-responsibility for profits and losses, and self-restraint; positively live up to the glorious mission of key enterprises; and make even greater contributions to promote the four modernizations and invigorate Jilin.

Jilin Official Speaks on Supervisory Work Tasks SK2102105089 Changchun Jilin Provincial Service in Mandarin 2200 GMT 20 Feb 89

[Text] The provincial supervisory work conference, which ended on 20 February, stated that the province's supervisory work in 1989 should be focused on three tasks. First, supervisory departments should launch the activity of opposing corruption, focusing on graft and bribery, and concentrate efforts on making sudden and

fierce strikes against leading organs, leading cadres, other supervisory and law enforcement departments, departments holding real powers, and departments and personnel in charge of money, property, and projects. For the graft bribery cases already ferreted out, certain leaders should assume responsibility for handing and winding up certain cases by a fixed date. At the same time, such cases should be tried openly.

Second, supervisory departments should strengthen supervision and inspection over implementation by various government departments concerning the principles, policies, and measures adopted by the party Central Committee and the State Council for improving the economic environment and rectifying the economic order, and should strengthen supervision and inspection over the implementation of the state laws and regulations by various government departments and institutional units, so as to ensure the smooth implementation of various government decrees.

Third, supervisory departments should strengthen the building of an honest and clean work style, gradually make public their working systems, and separate government functions from professional work. They should also attend to the crime reporting work by giving cash awards to those who make contributions to reporting crimes and recovering grave losses for the state. Supervisory organs at all levels should select a number of comrades who set strict demands on themselves, dare to uphold principles, and enjoy prestige among the masses from among people's deputies, CPPCC members, and retired cadres in the press circles, and invite them to serve as special supervisors to encourage the masses to struggle against corrupt phenomena.

During the conference, Comrades Wang Zhongyu, Liu Xilin, and Gao Yan, as well as responsible comrades of the provincial Discipline Inspection Commission, talked about specific opinions on the directions, guiding ideology, work emphasis, policies, and principles of the supervisory work, as well as the issue of strengthening the coordination between supervisory departments and other professional supervisory departments. They demanded that governments at all levels actually pay attention and give support to supervisory work, help supervisory departments eliminate interference and obstructions, and support supervisory departments to exercise supervisory autonomy. At the same time, supervisory departments should bravely uphold principles; handle affairs according to laws; focus their work on improving the economic environment, rectifying the economic order, and comprehensively deepening reform; strive to maintain high standards of ethical and professional integrity; ensure the smooth implementation of political orders; and promote the sound development of reform and economic construction.

Liaoning To Construct Large Power Plant

SK2302073589 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 22 Feb 89

[Text] Preparatory work has been completed for a 1.2 million-kw capacity power plant in Tieling City, construction of which will begin this year. This power plant is named Tieling power plant and is jointly financed and built by our province and the state. Four domestically produced power generators with a 300,000-kw capacity will be installed. The first power-generating unit will be put into production by 1992, and the whole construction project will be completed by 1996. Upon completion, the Tieling power plant will become one of the key units of the Northeast Power Grid. Once totally operative, this power plant will generate 780,000 kilowatt hours of electricity annually, which will be equivalent to 1.3 times the annual power consumption of Shenyang City at present.

Northwest Region

Gansu Leaders Stress Rural Ideological Work

HK2402021589 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 24 Feb 89

[Excerpts] A provincial forum on rural ideological and political work and education in the current situation opened in Lanzhou on 23 February. Provincial party committee Secretary Li Ziqi spoke on how to step up and improve this work at present. [passage omitted]

Li Ziqi called on the party organizations at all levels to seriously study the new conditions and problems in rural ideological and political work, improve their work methods, and carry out this work in a still more lively and thoroughgoing way. [passage omitted]

Lu Kejian, deputy secretary of the provincial party committee, presided at the meeting. Also present were provincial leaders Jia Zhijie, Yan Haiwang, Wang Jintang, and Wang Zhanchang. [passage omitted]

Shaanxi Leaders Meet Nonparty Figures

HK2102030389 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 21 Feb 89

[Excerpts] The provincial party committee yesterday convened a forum of democratic party and nonparty figures. Provincial party committee Secretary Zhang Boxing attended and listened to everyone's views and suggestions. He also spoke on how to step up and improve the multiparty cooperation system this year. He said that in the future, before decisions are taken on major issues affecting the whole province, we must listen carefully to the democratic parties' views and give full scope to the role of the Chinese People's Political Consultative Conference (CPPCC) organizations. When carrying out the resolutions of the Central Committee and the State Council, we must first listen to the views of the democratic parties. [passage omitted]

We should bring in nonparty figures to take part in government work. The provincial party committee should periodically hold consultative forums with democratic party and nonparty figures to discuss major issues. [passage omitted]

More than 20 democratic party and nonparty figures attended the meeting. Dong Jichang, secretary [as heard] of the provincial party committee, and Zhou Yaguang, chairman of the provincial CPPCC Committee, were also present.

Zhang at Shaanxi Meeting on Lateral Economic Ties

HK2202131089 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 22 Feb 89

[Excerpts] The second provincial work conference on lateral economic ties, during which the provincial government commended a certain number of advanced units for their distinguished service in promoting lateral economic ties, concluded yesterday.

Zhang Boxing, Hou Zongbin, Liu Chunmao and other leading comrades delivered speeches at yesterday's session of the meeting.

The meeting reviewed achievements that our province had made in developing lateral economic ties and cooperation. [passage omitted]

When speaking at the meeting, provincial party committee Secretary Zhang Boxing pointed out: Through lateral economic ties in the last few years, Shaanxi Province has begun extricating itself from a heavily closed situation and the provincial economy has developed in giant strides. But it is necessary and possible to do much better in this field of work. Zhang Boxing outlined five points regarding what should be done to further promote lateral economic ties and cooperation: 1) It is necessary to acquire a better understanding and update concepts to consolidate mutual support with other provinces to seek common prosperity. 2) It is necessary to bravely go from our province to other provinces and cordially invite other provinces to our province, and to dispel the fear of suffering losses in lateral economic cooperation. 3) Efforts must be made to promote combination of enterprises and develop groups of enterprises so as to raise the prestige of Shaanxi-made products in other parts of the country. 4) Scientific and technological exchange and cooperation must be taken as an important aspect of lateral economic cooperation that our province is developing with other provinces so as to give full play to Shaanxi advantages in this field of work. 5) Leadership must be truly strengthened and all departments must take concerted action to promote lateral economic ties and cooperation in an all-round way. [passage omitted]

Shaanxi Foreign Trade Situation 'Very Serious'

HK2402114089 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 24 Feb 89

[Text] At a provincial conference on economic relations and trade with other countries, which was held yesterday, the provincial government pointed out: The economic and trade situation in our province is very serious this year; if things go wrong, foreign exports in our province will go down. The meeting urged cadres and workers on the provincial economic and trade front to carry out reform, tide over difficulties and strive for a sustained and steady development of the province's economic and trade work.

In this connection, the provincial Economic and Trade Commission also called on prefectures and cities and all the departments concerned to pay special attention to their work in the following four areas:

1) It is necessary to readjust the mix of commodities and vigorously expand the export of new products and technology. The provincial authorities will formulate some policies to encourage export of new products, vigorously develop the intensive and precision processing industry and actively open up the export of technology.

2) All prefectures and cities, the relevant departments and bureaus, and enterprises should improve and deepen the system of contracting export goods and control the serious outflow of goods for foreign trade by economic means.

3) New trails must be blazed westward to promote trade with the Soviet Union and East European countries and efforts must be made to establish new strongholds abroad and build, step-by-step, an overseas network of sales, maintenance, and information concerning our province.

4) It is essential to consolidate the province's economic and trade system and inspire the spirit of seeking unity, being honest, blazing new trails, and working with high efficiency among cadres and workers of the provincial economic and trade front.

The meeting will honor export contracts signed by the province in 1988 and conclude new export contracts this year.

Shaanxi Enterprise Ideological Work Meeting Opens

HK2402061789 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 24 Feb 89

[Excerpts] The provincial ideological and political work conference of industrial and transport enterprises opened in Xian yesterday. The vice governor delivered a report in the name of the provincial government, entitled: Pursue Bold Practice and Active Exploration To Create a New Situation for Ideological and Political Work in Industrial and Transport Enterprises. [passage

omitted] The major tasks for the ongoing meeting are to: Implement the circular on strengthening and improving ideological and political work issued by the CPC Central Committee and suggestions on strengthening and improving ideological and political work put forward by the Shaanxi Provincial CPC Committee; strengthen and improve the new system under which factory directors are in charge of promoting ideological and political work among enterprise workers and other staff members in an all-around way; sum up and exchange new experiences in promoting ideological and political work in enterprises; and commend a certain number of advanced enterprises in promoting ideological and political work.

Xinjiang Meeting Discusses Supervisory Work
HK2002021189 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 18 Feb 89

[Excerpts] A regional supervisory work conference concluded today after 4 days in session. The meeting called on all comrades on the supervisory front to work in concert, unite as one, clear the way to forge ahead, and do a still better job of administrative supervisory work in Xinjiang, to make still greater contributions to promoting economic construction and ensuring clean government.

Leading comrades of the region, including Song Hanliang, Tomur Dawamat, and Amudung Niyaz, attended the meeting today. Vice Minister of Supervision He Yong was also present.

Regional party committee Secretary Song Hanliang spoke on how to do a good job in supervisory work in the new situation of improvement and rectification. He emphasized that it is essential to fully understand the status and role of supervisory work in improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms. The supervisory organs shoulder the task of establishing and preserving the new order of socialist commodity economy. Hence, the supervisory organs at all levels from top to bottom must center their work on improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms, and on the core tasks of the party and government. These organs must launch a struggle against corruption centered on opposing graft and embezzlement, strengthen the work of building clean government, and ensure that the party and government organs will be clean and honest. They must also step up cooperation with the discipline inspection, industry and commerce, taxation, and other departments. [passage omitted]

Regional government Chairman Tomur Dawamat also spoke. He said that the supervisory organs must focus on the key points in carrying out the work of promoting clean government and opposing corruption. They should focus on supervising the [words indistinct] departments in the government organs. They must first supervise and check on the leading organs and leading cadres of the government. Second, they must supervise and check on the economic supervisory and law enforcement departments and their work personnel. [passage omitted]

Editorial Urges Mainland Policy Review

OW1902221089 Taipei LIEN HO PAO in Chinese
13 Feb 89 p 2

[Editorial: "Reexamine the Steps and Direction of the Mainland Policy"]

[Text] A series of incidents occurring across the Taiwan Strait in the past couple of days has added a few new variables to the relations between the two sides. On Mainland China, the Chinese Communist authorities, with an obviously high degree of vigilance over the Taiwan Government's efforts to launch flexible diplomacy, have begun to intensify direct and indirect pressure on our country. On Taiwan, with the release of news on a planned visit to the mainland organized by the Chinese Economics Academy, the issue of visiting the mainland by scholars has again become the focus of attention in both governmental and nongovernment circles. Moreover, it has not yet been clarified whether the incident surrounding Air Force Lieutenant Colonel Lin Hsien-shun, who flew to the mainland in a fighter jet, was a case of "drifting off course," or one of "defection." However, the Chinese Communists' discreet response clearly indicates that they want to play down the incident to avoid new factors of hostility and confrontation in relations between the two sides of the strait.

Against the above factors and background, we would like to point out that it is necessary to promptly resolve the following irrational practices in the current interrelations between the two sides of the Taiwan Strait:

1. Due to the government's policy of allowing only "family visits" and prohibiting public servants and teachers from traveling to the mainland, visitors have so far included only veteran soldiers, retired people, and those who have defied the regulations by visiting the mainland secretly. Although secret visitors are not jailed today, they may still face the punishment of being "confined" to the country for 2 years, or be given administrative disciplinary action in the case of public servants. According to reports, Lt Col Lin Hsien-shun had privately expressed his resentment about the ban on militarymen's visit to the mainland before his flight there. Therefore, if the mainland policy is not adjusted, it will be difficult to prevent the recurrence of similar incidents, even with the intensification of psychological defense work, and there will be numerous cases of "violations of regulations" by public servants.

2. Contrary to the restrictions on mainland visits, the government intends to allow visits to Taiwan by a few Taiwan veteran soldiers and natives trapped on the mainland, as well as certain prominent figures from the mainland. In other words, most visitors from Taiwan to the mainland (through lawful channels) are veteran soldiers and retired people, while visitors from the mainland, aside from the natives of Taiwan, are outstanding figures. Such an unbalanced exchange of personnel is not

to Taiwan's advantage. The current mainland policy has restricted, in a tangible or intangible way, Taiwan's prominent figures from visiting the mainland, and hence has deprived compatriots on the mainland of an opportunity to further and better understand Taiwan's real achievements. Small wonder that mainland compatriots are unable to confirm in depth the superiority of Taiwan's system of development over the past 4 decades, except for admitting that "the people on Taiwan are rich" and "the economy there is rather prosperous." On the contrary, mainland prominent figures' visits are likely to create a one-sided impression that although the mainland's economy and politics are a mess, it has quite a few outstanding personnel. Such a self-restricting mainland policy, devoid of an enterprising spirit and far-sightedness, is not in the best interests of Taiwan.

3. Judging from the Chinese communists' recent strong [chi lieh 3423 3525] reaction to Taiwan's flexible diplomacy, they are obviously afraid of chain reactions caused by the flexible diplomacy. They are especially worried that Taiwan's resumption of diplomatic relations with one after another small and medium countries will bring about a "dual recognition" formula. Although the prospects are not good for "dual recognition," the flexible diplomacy may at least free Taiwan from its previous international isolation, enrich the substance of its relations with foreign countries, and expand its capability for maneuvering and participating in international organizations. This is why the Chinese communist authorities are bent on obstructing and intimidating our flexible diplomacy. It is known to all that the Chinese communists have consistently regarded the relations with Taiwan as a component of their united front policy, but not their foreign policy. Therefore, in spite of their flexible smiling offensive in the united front policy, the Chinese communists do not allow Taiwan to expand its diplomatic activities in its capacity and status as an independent political entity or national body. We may anticipate that in Taiwan's endeavor to launch flexible diplomacy, the Chinese communists will stick to their stand of "one China, which can only be communist China," and will threaten with the severance of diplomatic relations any third country having to choose between Peiping and Taipei. Hence, the effectiveness of flexible diplomacy will depend on how we apply our trade and economic strength to increase the pro-Taiwan forces in both governmental and nongovernmental circles in third countries. Nevertheless, pressure from the Chinese communists is absolutely unavoidable.

In view of the above practices, we believe that the mainland policy, which has been tightened, must be reexamined. The following are our suggestions:

1. Since the restrictions on visits to the mainland cannot be enforced in a true sense, negative practices that may produce counter effects must be adjusted. Based on this, we suggest that clear provisions be made to expand the scope of family visits to cover public servants and

teachers, except for officials and administrative leaders at and above Grade Nine. Those who bear state security responsibility should also be restricted.

2. It is necessary to encourage (or at least to allow) prominent people, especially writers and scholars, in various circles on Taiwan to visit the mainland to attend academic conferences or give lectures. We must assume a forward looking attitude in stepping up cultural exchanges between the two sides of the Taiwan Strait. This is the only way to thaw the hostility and actively challenge the mainland through a cultural assault in a subtle manner.

3. We suggest that a prudent approach be taken to deal with the currently growing trade and economic activities between the two sides of the strait. This is primarily because, on the cultural front, we can fight the heavy odds by taking the opportunity of eroding popular support for the Communist Party on the mainland to prepare for the rejuvenation of Chinese culture. On the economic battlefield, however, we cannot succeed in fighting heavy odds. With the mainland's constantly changing policy, heavy burden on its economic development, big population, and vast area, we are vulnerable to tricks of the mainland side and are unable to remedy the situation once a problem occurs. Therefore, in adjusting the direction of the mainland policy, we suggest a positive approach for the cultural exchanges but a prudent attitude toward economic exchanges. This suggestion is contrary to the current practices.

4. As far as flexible diplomacy is concerned, the foreign affairs authorities should promptly set up a consulting agency to assess the real situation in every country and region in the world, training experts on various regions, analyzing possibilities for developing diplomatic relations with them, and further using our country's trade and economic strength and the pro-Taiwan forces in other countries to promote diplomatic and people to people contacts. Hungary, which recently made determined efforts to shift its diplomatic stand and establish diplomatic relations with South Korea at the risk of severing ties with North Korea, can serve as an example. Even though it is impossible for Hungary to establish diplomatic relations with our country and sever ties with the Chinese communists at the moment, we must actively develop bilateral trade and economic relations with Hungary. Regrettably, we have, so far, not found any specialized book on Hungary in broad circulation in our country, and we wonder how many Hungarian linguists the Ministry of Foreign Affairs has (Mainland China and South Korea have many Hungarian linguists). In light of "knowing your enemy and knowing yourself" [a famous Chinese military strategy of ancient times] our preparations are inadequate. Therefore, we suggest that preparations for flexible diplomacy be made as soon as possible, otherwise it will be extremely difficult for us to launch such diplomacy under the mainland's strong pressure.

All in all, in order to command and gain an upper hand in the changing situation, we must rethink the direction, steps, and implementation of the mainland policy and other relevant issues in foreign affairs.

SRV Trade Mission Arrives for Visit
OW2802020489 Taipei CNA in English
1134 GMT 27 Feb 89

[Text] Taipei, Feb. 27 (CNA)—High-ranking officials of Vietnam's largest trading company arrived in Taiwan recently to strengthen trade and investment ties between the two countries.

Mr. Nguyen Van Hoang, president of the state-run Ho Chi Minh City Import and Export Co., headed the five-member trade delegation, and presided over a seminar on investment opportunities in Vietnam at the China External Trade and Development Council Office last Friday.

Hoang noted that the Vietnam Government has made great progress recently in strengthening economic and trade relations abroad, and confided that Vietnam's business and industrial sectors have expressed strong interests in beginning bilateral trade, shipping and investment contacts with republic of China's manufacturers.

Vietnam's businessmen believe ROC investment in Vietnam would help revitalize their economy, Hoang said, adding that closer trade and economic ties could also help upgrade diplomatic relations between the two sides.

He noted at the meeting that foreign investors would be free to withdraw investment capital or remit profits from their investments back to the island, and said that the Vietnamese Government would set no limitation on the percentage of stock shares a foreign investor may hold in a company established there.

He said he will also urge his government to improve Vietnam's visa application procedure to facilitate entry. Currently, ROC manufacturers wishing to travel to Vietnam can obtain a visa only through Vietnam's embassy in Thailand, and must withstand a five-to 10-day waiting period.

Local medium- and small-sized enterprises are most suitable for Vietnam's economy, Hoang said, adding that Vietnam could learn much from their management expertise.

He also said Taiwan's textile machinery and machine tools are essentials to Vietnam's fledgling industry.

Hoang vowed he would continue organizing trade missions to visit here, and would work hard toward effecting direct trade between the two sides.

Currently, trade between the two countries is shipped through Thailand or Hong Kong. The local government lifted the ban on direct shipping between the two sides last June, but has yet to announce the opening of direct trade with Vietnam.

Paper Views Policy on Trade With East Europe
OW1902115789 Taipei CHINA POST in English
13 Feb 89 p 12

[Article by Steve Wolfe: "Taiwan-Eastern European Trade: In Quest of Optimism"]

[Text] At first glance, ROC [Republic of China] trade with the Eastern Bloc seems to be gathering momentum. However, is this an illusion fostered by the initial media splash playing up the fact that the most striking progress is always that quantum leap from nothing to something? A 300-percent or 400-percent surge in trade sounds impressive, however, but when looked at more closely it becomes clear that it represents a mere fraction of ROC trade with the United States or Japan. In the initial stage the story was how a fiercely anticommunist Taiwan sized up changing global tendencies and realized that trade with hitherto evil socialist regimes was somehow now beneficial in the pragmatic scheme of things. Market diversification has become the sacrosanct mission of ROC exporters. However, just how much optimism wells from the official ROC corridors of power concerning the future prospects of ROC-Eastern Bloc trade?

A descent into the musty, gloomy confines of the Foreign Ministry gives the first hint of an answer. "I thought you wanted to speak about our trade with the EC countries," said a high-ranking official in the European section who suddenly demanded anonymity. When asked about the impending establishment of a Hungarian trade office, he insisted that no application had been submitted on any level. His prophet-of-doom sermon included such stock ideas as Eastern Europe's lack of foreign currency, the absence of security in establishing joint ventures behind an iron curtain, and the miniscule volume of trade with the Eastern Bloc when considering Taiwan's U.S. \$110 billion 1988 trade figure. He spoke of the poor quality of their products and the lack of communication and transportation infrastructures.

The next stop in quest of optimism was the Euro-Asia Trade Organization as such countries as Poland, Czechoslovakia, Hungary and East Germany are usually placed in Europe on most maps. [sentence as published] However, this reasoning proved specious as the reams and reams of printed material issued here extolled the magical diversification of ROC trade with Western Europe, which absolutely nothing monitoring trade with the wicked, heathen socialists. [sentence as published] "We must build up a meaningful trade volume and establish personal relations before joint ventures can be considered," said a high ranking official. "I have serious reservations about this trade."

Surely the sages sequestered in the down-to-earth realm of the Ministry of Economic Affairs would realize the vast potential of trade with the economically and politically awakening giant of Eastern Europe, an area with a population in excess of 400 million. Foiled again! A vice minister with a reputation for brilliance harped on Eastern Europe's lack of purchasing power, its lowly status as a poor socialist region unfit for trade with a mighty economic power like Taiwan, and how the majority of its trade remains cloistered. This amounted to a rather glum version of the look-before-you-leap gospel. Strike three.

As one poet says, "If you ain't got nothin', you got nothin' to lose," so onward in quest of optimism to CETRA (China External Trade Development Council) and a meeting with Dick Mo, executive director of the market development department. Mo has been on three trade missions to Eastern Europe including the controversial one to Moscow last October. His view is culled from hands-on experience in Eastern bloc nations interacting with state officials, business leaders, economists and scholars.

"There are trade problems with all countries in the world. Even Japan has nontariff barriers. Taiwan used to have a lot of bureaucracy," Mo says. "The Eastern Bloc is implementing reforms and their domestic market is expanding. It's not just a fixed cake; the size of expansion depends on the size of reforms. I have a positive point of view."

Lo and behold! A prophet of boom in a landscape of doom.

Mo points out that the Eastern Bloc, including the U.S.S.R., accounts for U.S. \$400 billion worth of trade with the rest of the world, and this can only increase as reform increases. Exports from these countries increased some 30 percent in 1988, representing the fastest pace of change in all of Europe.

ROC-Eastern European trade, according to Mo, is complementary. The East Bloc can provide Taiwan with such sorely needed natural resources as minerals and lumber, in addition to chemicals, technological expertise, and heavy equipment for manufacturing. Taiwan can offer these countries consumer and industrial electronics, durables such as cameras, clothing and shoes, and equipment for manufacturing and assembling electronic products. Mo claims to know from first-hand contacts that Eastern Europe is extremely interested in ROC investment. The optimism, at least in this fifth floor office in the CETRA Tower, is flowing forth like manna from heaven.

Mo insists that ROC investment in these nations is not at the mercy of malevolent Marxist manipulation. Partial protection comes from agreements that CETRA has forged with Chambers of Commerce in Eastern Europe. However, more than this, ROC business is usually conducted under the umbrella of a third country such as

Singapore, Japan or Germany. Austria, because of its proximity to the Eastern Bloc, serves as an especially important link. ROC companies incorporated in Germany, for example, are protected by German agreements with East Bloc nations," Mo says. In a similar fashion, a joint venture between a ROC trading firm and a Hungarian enterprise is registered in the United States and protected by U.S. law.

"Taiwan has become a trade power in the world and must respect any country's effort to benefit its people. Taiwan must be easily accessible," Mo insists. He is not concerned about the often espoused danger of Taiwan becoming an economic hostage. "I respect the entrepreneurial wisdom that will watch over the long-term interests of the company, and hopefully, the country," he says.

In answer to charges that Taiwan is running an unhealthy trade deficit with all Eastern Bloc nations except Hungary, Mo points out that these are only small deficits arising from the import of raw materials and capital goods, as opposed to consumer goods. "This deficit is rather healthy. The more tools and equipment we import from these countries, the more we can export. It stimulates ROC production and cuts manufacturing costs."

Mo admits that "mental obstacles" must be overcome if the potential of ROC-East bloc trade is to be realized. "Taiwan government agencies have not fully realized the potential of the East Bloc. They must appreciate the reform activities going on and have a global view. CETA doesn't look at this region as strange countries behind an iron curtain."

In a final crescendo of justified optimism Mo sums up his position: "Taiwan business people don't care about the size of profit. They want a free hand to develop their trade—whether small or big. This is the reason why Taiwan has become a major trading nation. We must follow up every opportunity while watching the cost of marketing. The government should further liberalize. It's just a matter of time."

President Assures Farmers of Market Protection
OW1702041989 Taipei CNA in English
0311 GMT 17 Feb 89

[Text] Taipei, Feb. 17 (CNA)—President Li Teng-hui assured farmers in the Republic of China Thursday that the Government will protect the local farming sector even though the nation is under heavy pressure to open markets to foreign agricultural products.

In the face of changing domestic and foreign situations, the nation has been trying to adjust and improve the local agricultural structure, the President said. But, he stressed, the Government "will never abandon or sacrifice" the development of agriculture.

Li was speaking at a luncheon he hosted at the Taipei grand hotel honor of more than 400 model farmers and their families.

The professor-turned president, who owns a doctorate in agricultural economics, pointed out that the government's current goal is to accelerate agricultural modernization while maintaining an appropriate level of protection for farmers.

To achieve the goal, he said, the government will help adjust the structure of agricultural production, strengthen the distribution of labor in the production process, and encourage the improvement of agricultural technology in order to increase the productivity and competitiveness of the local agricultural sector.

Li stressed, however, that these efforts can only be successful if all farmers work together with the Government.

In fact, the lives of farmers have improved significantly in past decades because of successful government policies and the hard work of farmers themselves, President Li said. But still, agricultural development lags behind the nation's booming industrial and commercial development.

If the nation wants to further promote its agricultural development, Li noted, additional efforts must be made, especially at a time when local farmers face mounting competition from foreign agricultural products.

He urged the model farmers to spread their successful experience to others so that everyone can usher in a brighter future for all of the farm sector.

Premier Yu Kuo-hua also spoke at the luncheon. He said the Government has formulated two plans to stimulate agricultural development and to increase the income and wellbeing of farmers.

To develop agriculture, to build up rural areas and to improve the wellbeing of farmers have been the Government's established policy, Yu noted, to strengthen the implementation of the policy, the Government has appropriated large sums to improve the rural infrastructure and to expand public projects in rural areas.

Also present at the luncheon were Li Huan, secretary general of the ruling Kuomintang's Central Committee; Li Yuan-zu, secretary general to the President; Yu Yu-hsien, chairman of the Council of Agriculture; Taiwan Governor Chiu Chuang-huan; Taipei Mayor Wu Poh-hsiung, and the magistrates and mayors of the 20 cities and counties in the Taiwan Province.

Hong Kong

Columnist Views Government's Lack of Autonomy

HK2102091389 Hong Kong SOUTH CHINA
MORNING POST in English 21 Feb 89 p 20

["Viewpoint" column by Margaret Ng: "Governor Must Conduct With Bound Hands"]

[Text] The Governor, Sir David Wilson, is scheduled to see the prime minister during his week in London.

No doubt they will have much to discuss on the subject of the pending visit of the Parliamentary Committee on Foreign Affairs at the end of March to Hong Kong.

It is, however, a question which need concern Hong Kong people are less than how Hong Kong is going to be governed in this appalling transition period.

The business of governing Hong Kong in the present circumstances has become so tricky that it is difficult to see how someone in Sir David's position can carry on effectively without further and detailed instructions.

What one has to understand is that this government under the present governor is unlike the government under previous governors.

Ironically, as Hong Kong is supposed to prepare itself for "a high degree of autonomy" under China and for "Hong Kong people governing Hong Kong," the Hong Kong Government has little autonomy to speak of.

Instead, it is suffering from increasing restrictions and supervision from both London and Beijing.

When Sir David first came to Hong Kong as governor, rumours were rife in political circles that this was a "Foreign Office man" who would do what he was told by the Foreign and Commonwealth Office whose uppermost concern was to protect the interests of the British Government.

These rumours never died, but rather shot up like flames in a fire poked at such times as the 1987 political review.

But in fairness to Sir David, the matter has nothing to do with his Foreign Office background.

Indeed, given that a governor was to be found among the gentlemen of the diplomatic service, Sir David may well be less Foreign Office than most because he took some years off to be a China scholar.

The truth is that, whoever was sent to occupy the office so tragically vacated by Sir Edward Youde, would be caught in the same difficulties.

If he didn't come amid rumours of being a "Foreign Office man" he would have acquired that endearing title soon enough.

The reason is that the Joint Declaration has brought in a fundamental change.

It has brought in Beijing as an interested party.

It has turned Britain into a sort of trustee, and the Hong Kong Government a caretaker, a sort of bailiff of the estate of Hong Kong.

What Britain and therefore the Hong Kong Government may or may not do is closely bound by the terms of the Joint Declaration.

In practice, this of course means the interpretation of the terms of the Joint Declaration, and Beijing has as much right to interpret as London.

This has the effect of tightening up the relation between London and Hong Kong.

Whereas before the Joint Declaration, the colonial relation, in the anti-colonial climate of the 20th Century, must be allowed to become more and more liberal, the Joint Declaration may make London responsible for virtually everything the Hong Kong Government does.

In such circumstances London's choice is between backing everything the Hong Kong Government does and tightening control.

It can hardly be surprising that London has chosen the latter.

Thus, in the old days, a Sir Murray (as Lord MacLehose then was) or a Sir Edward could do almost anything he thought fit for Hong Kong, short of defence and foreign relations; a Sir David Wilson cannot.

His hands are tied. As a caretaker of a caretaker government he has to take instructions from Whitehall. He has no alternative.

The crucial issue is, what are his instructions and can they possibly work?

For, with his hands tied or not, the governor of Hong Kong has to govern Hong Kong.

He has to keep Hong Kong going in good order and maintain "prosperity and stability".

Moreover, he has to uphold a semblance of British rule.

That means, as a representative of the Queen, he has to maintain the authority and credibility of his office.

He has to continue to enjoy the good will and confidence of the people of Hong Kong.

More concretely, he has to be able to command respect in the Executive Council, in the Legislative Council, in the government internally and in public in general.

His personal authority is inseparable with the effectiveness of his government and all this is extremely vulnerable to interference.

He and his government will lose authority if London or Beijing chooses to interfere.

Both London and Beijing have chosen to interfere in a big way.

London tried to keep this behind closed doors, but how long can you keep the public in the dark? Beijing does not even try.

On the contrary, some Chinese officials seem to have taken upon themselves the mission of showing Hong Kong people just who the real master is.

For reasons best known to themselves, Beijing seems to have deliberately opted for a higher profile lately, with the predictable result that pressure on the Hong Kong Government has increased.

The issues chosen could not have been worse for the Hong Kong Government: The Vietnamese boat people problem.

On a political issue such as direct elections, China's interference would antagonise at least half the community.

Indeed, even those who take a similar view to China's would fear and resent the interference.

But the public is so thoroughly fed up with the Vietnamese boat people problem, and appeals to the British Government through the Hong Kong Government have been so utterly futile, that the tough attitude China is openly taking readily wins almost universal approval.

The minority who hold a different view on the boat people, even if they are silent on the way boat people are treated, nevertheless feel that London deserves to be pressed.

It is difficult to say whether this is a deliberate ploy on the part of Beijing to win back some popularity after the recent row on the Basic Law and to deal a blow to British morale, but there seems otherwise little reason for Beijing to resort to such open interference.

After all, there are eight years to go to clear up the problem.

All Beijing has to do is to use the usual channels to impress upon Britain that the future SAR [Special Administrative Region] government will not take on the burden of any Vietnamese boat people still stranded in Hong Kong.

Though this is the most recent and eye-catching issue, it is by no means the only issue through which China lets its muscle be felt.

The wrangle over keeping HMS Tamar as military headquarters eventually to be taken up by the PLA is another case.

A story, confirmed by a source close to Beijing, has it that when a certain big Hong Kong businessman was arrested recently, Chinese officials made sure that the Hong Kong Government knew that Beijing felt "concerned".

To what purpose, it was left vague.

At one point it was thought that the issue of constitutional reform was a dead issue because on this matter Beijing and London (in that order) were going to call the shots, regardless of the damage this does to Hong Kong's long term well-being or the immediate confidence of Hong Kong people.

It was thought by some that, therefore, one should leave constitutional reform and devote one's energy to areas where it could be more productively spent, away from interference; such as urban redevelopment, upgrading the infrastructure, education and social welfare and the like.

Unfortunately this is not to be. Everything is rapidly becoming political.

Everything is turning into a test of strength between London and Beijing.

In this context, the crucial question for the governor must be, what is Britain's position on a number of tricky issues such as Vietnamese boat people, and vis-a-vis such interference of Beijing, and how he is expected to uphold Britain's position without damaging the authority of the Hong Kong Government and the confidence of the Hong Kong public in this government?

It would be interesting to know Mrs Thatcher's answer.

It is all very well to dish out general principles, but the question is how these principles would work when applied to concrete circumstances.

According to a survey to be published in a few months' time, while the majority of Hong Kong people have a great deal of trust in the Hong Kong Government, only 30 percent of them trust the British Government, and less than 20 percent trust the Chinese Government.

Is it so remarkable, then, that the more it is seen that London and Beijing are calling the shots in Hong Kong affairs, the more pessimistic people are about their future?

PRC To Request Funding for Guangdong Pipeline

HK2802020589 Hong Kong SOUTH CHINA
MORNING POST in English 28 Feb 89 p 5

[By Jacqueline Lee]

[Text] China will officially ask the Hong Kong Government for financial assistance to build extra pipelines in a multi-billion dollar bid to boost its water supply to Hong Kong and Guangdong province.

Financial help for the East River expansion scheme will be high on the agenda at talks on the new water supplies agreement after 1994, between Hong Kong and Chinese officials in Hong Kong.

It is understood the Chinese side has indicated its wish to help in the form of loans but details have yet to be worked out.

The talks, expected to be held in April, come at a time when Hong Kong could again face the threat of water rationing after a dry year.

The construction of extra pipelines is crucial to Hong Kong, because mainland officials are worried about the ability of China's infrastructure to sustain water supply to the territory.

Current reservoir storage stands at 36.8 percent of capacity, or 215 million cubic metres, compared with 53 percent recorded at the same time last year.

Principal Assistant Secretary for Lands and Works, Mr Hugh Philipson, said Hong Kong might have to consider rationed supplies if rainfall continued to be low during the rainy season, although he expected normal supplies would be maintained for the next few months.

"If we have an average wet season we should be in a reasonable position. We just have to keep our fingers crossed," he said.

"If it's a dry season, it (water rationing) is a possibility that we might have to consider," he said.

Chinese officials believe Hong Kong should help make the East River expansion project possible because the upgraded system would allow an increase in water supply to the territory.

The idea will be put to the Hong Kong official delegation, to be led by Secretary for Lands and Works, Mr Graham Barnes, during the talks.

Mr Philipson said he understood the request for loans had been made in very broad terms and discussions had not yet started.

"It's something we're thinking about. Obviously we can help but there are considerations about the terms and conditions of the loans," he said.

Officials on both sides will work out a new agreement over China's water supplies to the territory after the current pact expires in 1994.

Under the agreement signed in 1980, China is to gradually increase its supply of water from 182 million cubic metres per year to 660 million cubic metres per year by 1994.

Because of the dry spell last year, Guangdong provided the territory with an extra 280,000 cubic metres a day from October last year to February boosting daily deliveries to 1.7 million cubic metres.

PRC Participates in Hong Kong Travel Show

OW2402200089 Beijing XINHUA in English
0242 GMT 24 Feb 89

[Text] Hong Kong, February 24 (XINHUA)—A four-day international travel show, "Intertour Expo '89", opened here Thursday [23 February] at the Hong Kong Convention and Exhibition Center.

The show is the third of its kind hosted by Hong Kong, where travel industry is the third largest foreign exchange earner.

About 300 travel agencies, hostels and airlines from 45 countries and regions, including China, the United States, Japan, India, Indonesia, Austria, Britain and Hong Kong, are participating in the show.

China is the largest participant, displaying at five booths taking up 500 square meters of the 5,500 square meters' expo showplace. The Chinese delegation is also the largest China has ever sent since it began to attend international travel shows in 1983.

A Chinese travel official told XINHUA that China is not only showing traditional tourist programs, such as yachting the Yangtze River Gorges, ice and snow travelling in the northernmost Heilongjiang Province and seeing silk-making in Hangzhou, known as the home of silk, but also some new travel itineraries.

He believes that one of the most interesting new items is the "Last Emperor specials" which enables travellers to see places where Pu Yi, China's last emperor, of the Qing Dynasty (1644-1911), had been living in during his lifetime and the palaces and houses he had resided at.

During the four-day show, delegates will also have chances to exchange views through seminars.

New Drug Trafficking Law Enacted

OW2502011789 Beijing XINHUA in English
1552 GMT 24 Feb 89

[Text] Hong Kong, February 24 (XINHUA)—Anyone who is convicted of a drug trafficking offence in Hong Kong will have his proceeds confiscated by the local court, according to a new bill published by the government here today.

The bill will be forwarded to the Legislative Council for enactment early next month.

Under the bill, when a person is charged of drug trafficking, the court will assess the value of his proceeds from drug trafficking and make a confiscation order against him.

The court may assume that the whole of the defendant's property at the time of his conviction, together with any property which he had held at any time during the preceding six years, represents his proceeds from drug trafficking, said Geoffrey Barnes, secretary for security, while explaining the bill at a press conference.

The bill was modelled on Britain's Drug Trafficking Offences Act 1986. Similar legislation is practiced in the United States, Canada, Australia and other countries.

When making a confiscation order, the court will at the same time fix a term of imprisonment of up to 10 years according to the amount of the order in the event that the order is not fully complied with. This will be in addition to any term of imprisonment determined for the drug trafficking offence, according to the bill.

The proposed legislation was an indication of the government's determination to strike at the root of drug trafficking and to respond positively to the international call for legislative measures to confiscate the proceeds of drug traffickers and to counter money laundering, said Gerald Choa, chairman of the Action Committee Against Narcotics which endorsed the bill.

More Asian Antiterrorist Measures Urged

HK2602014889 Hong Kong SUNDAY STANDARD
in English 26 Feb 89 p 1

[Exclusive by Mark Brickwell]

[Text] INTERPOL [International Criminal Police Organization] has attacked Asian countries for not doing enough to combat growing terrorist activity in the region.

And, in response, Hong Kong has joined 25 of its neighbours to push for a more comprehensive package of anti-terrorist measures.

The criticism of the anti-terrorist effort was made at the 10th Asian Regional Conference of the international police agency, which ended yesterday in Kathmandu.

Senior conference delegates—including Interpol Secretary General Raymond Kendall—said the war against terrorism in Asia was falling down on several fronts.

The lack of a systematic exchange of information on terrorist crimes committed in the region was the most worrying problem, delegates told the SUNDAY STANDARD.

Shortfalls in airport security in some Asian cities were also noted with concern.

"Continued efforts must be made to improve security measures at airports in view of civil aviation attacks," Mr Kendall told the week-long conference.

Delegates from 25 countries in the Asian region—including China, India, Japan, Thailand, Hong Kong and Australia—attended.

Hong Kong's Police Commissioner, Mr Raymon Anning, who led the territory's three-man delegation, acknowledged a need for Asian countries to increase their anti-terrorist measures.

But, in an exclusive interview, Mr Anning stressed Hong Kong's anti-terrorist effort already complied with Interpol standards.

"Information should be exchanged in a systematic way about terrorist groups and terrorist movements. We are doing this already," Mr Anning said.

"Hong Kong is doing all that it can to combat terrorism," Mr Anning said.

He said the Interpol Secretariat had distributed a guide on combating international terrorism to all conference delegates.

The conference called on Interpol's 25 members in the Asian region to adopt the recommendations included in the guide, Mr Anning said.

"We are happy to throw our weight behind the recommendations because it is important if terrorists are moving about in the region that we take all necessary precautions," he said.

The Interpol guide, a copy of which was obtained by the SUNDAY STANDARD, calls for an urgent increase in the reporting of terrorist crime.

In cases of hijack or hostage-taking, every known detail about the crime and suspects should be reported to Interpol.

The agency should also be notified of every theft of explosives, machine pistols or diplomatic passports, as these were often related to terrorism, the guide said.

It said Asian countries should also step up security at airports by screening all passengers, all luggage and all airport employees.

Mr Anning said Asian countries were not compelled to follow these recommendations.

"They are not binding in any way but they are a reflection of the way the majority of delegates at the regional conference feel about things," he said.

Mr Anning said the Interpol conference had also focused on the drug problem in Asia.

The conference recommended that all Interpol countries adopt and apply strict measures, including, where possible, preventive detention in dealing with drug traffickers.

It also recommended consideration be given to establishing joint international investigation teams to deal with cases involving international drug-smuggling syndicates.

But, Mr Anning said, the conference acknowledged some Asian countries were having difficulty suppressing illicit drug crops.

This meant attention should be paid to cutting demand by drug-consuming countries.

"You have to tackle the education side and the community relations side as well," Mr Anning said.

Gurkha Soldier Found Dead Near PRC Border

*HK2802053589 Hong Kong AFP in English
0526 GMT 28 Feb 89*

[Text] Hong Kong, Feb 28 (AFP)—A Gurkha soldier on patrol near the Chinese border here was found dead Tuesday [28 February] with severe head injuries, police said.

Eight illegal Chinese immigrants have been detained for questioning over the death of the 26-year-old Gurkha soldier whose body was found in a fish pond in the Lok Ma Chau border area early Tuesday.

But police said there is so far no indication the illegal immigrants are connected with the case.

The soldier, a lance corporal attached to the 7th Gurkha Rifles of the British Army, had been sent to the area in response to a border fence alarm, a police spokesman said.

Police are sweeping the area as investigations continue.

Some 5,000 Nepalese Gurkha soldiers are stationed in the British colony with 600 of them patrolling the border to deter illegal Chinese immigrants from entering the territory, a military spokesman said.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, economic, military, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available source; it should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed, with personal and place names rendered in accordance with FBIS transliteration style.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.

END OF

FICHE

DATE FILMED

28 Feb 1989

